



STCI PRIMARY DEALER LIMITED

15th Annual Report

2020-21

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BOARD OF DIRECTORS*

Mr. G. Narayanan	<i>Independent Director</i>
Ms. Sonali Sinha	<i>Independent Director</i>
Mr. T. V. Rao	<i>Independent Director</i>
Mr. R. Venkataramani	<i>Non-executive Director</i>
Mr. Pradeep Madhav	<i>Non-executive Director</i>
Mr. Prasanna Patankar	<i>Managing Director</i>

AUDIT COMMITTEE*

Mr. G. Narayanan
Ms. Sonali Sinha
Mr. R. Venkataramani
Mr. T. V. Rao

MANAGEMENT TEAM*

Mr. Siddharth Shah	<i>Senior Vice President</i>
Mr. Manish Jadhvani	<i>Senior Vice President</i>

REGISTERED OFFICE

A/B1- 801, A Wing, 8th floor, Marathon Innova, Marathon Nextgen Compound,

Off G K Marg, Lower Parel (W), Mumbai 400013.

CIN: U67110MH2006PLC165306

* As on March 31, 2021

BOARD OF DIRECTORS



Mr. G. Narayanan
Independent Director



Ms. Sonali Sinha
Independent Director



Mr. T. V. Rao
Independent Director



Mr. R. Venkataramani
Non-executive Director



Mr. P. Madhav
Non-executive Director



Mr. Prasanna Patankar
Managing Director

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING ("AGM") OF THE MEMBERS OF STCI PRIMARY DEALER LIMITED WILL BE HELD ON MONDAY, AUGUST 30, 2021 AT 10:30 A.M. THROUGH VIDEO CONFERENCING/OTHER AUDIO VISUAL MEANS (VC/OAVM) TO TRANSACT THE FOLLOWING BUSINESS:

THE PROCEEDINGS OF THE ANNUAL GENERAL MEETING ("AGM") SHALL BE DEEMED TO BE CONDUCTED AT THE REGISTERED OFFICE OF THE COMPANY AT A/B1-801, (A Wing), 8th FLOOR, MARATHON INNOVA, MARATHON NEXTGEN COMPOUND, LOWER PAREL (WEST), MUMBAI- 400 013 WHICH SHALL BE THE DEEMED VENUE OF THE AGM.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2021, together with the Board of Directors' Report and the Auditor's Report thereon and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT the Audited Financial Statements of the Company for the year ended March 31, 2021, together with the report of the Directors and Auditors Report thereon, be and are hereby considered, approved and adopted."
2. To appoint a Director in the place of Mr. R. Venkataramani (DIN-00829107), who retires from office by rotation and being eligible, offers himself for re-appointment and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. R. Venkataramani (DIN - 00829107), who retires by rotation and being eligible for re-appointment, has offered himself for re-appointment, be and is hereby re-appointed as a Non-Executive Director of the Company who shall be liable to retire by rotation."
3. To appoint Statutory Auditor(s) of the Company and authorize the Board to determine the remuneration payable and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of section 139(5), 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, the Board of Directors of the Company be and are hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company to be appointed by Comptroller and Auditor General of India (C&AG) for the financial year 2021-22, as it may deem fit."

SPECIAL BUSINESS

4. **Appointment of Mr. Raghvendra Kumar as Non-Executive Director of the Company**
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, as amended from time to time, Mr. Raghvendra Kumar (DIN - 08045355) who was appointed as an Additional Director of the Company with effect from May 7, 2021 to hold the office of Additional Director upto the date of the Annual General Meeting, and who is eligible for appointment and has provided his consent to act as a Director of the Company, be and is hereby appointed, as a Non-Executive Director of the Company and liable to retire by rotation;
RESOLVED FURTHER THAT the Managing Director, be and is hereby authorized to do all such acts, deeds, matters and things as may be required/necessary to give effect to the aforesaid resolution."
5. **Revision in terms of remuneration payable to Mr. Prasanna Patankar, Managing Director**
To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT in partial modification of all the resolution(s) passed by the Members of the Company at the General Meeting of the Company, pursuant to the provisions of Sections 197, 198, and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the applicable Rules framed thereunder and Schedule V to the Act and subject to the approval of Central Government, if required, the Company does hereby approve the revision in the terms of remuneration payable to Mr. Prasanna Patankar, Managing Director of the Company, with effect from April 01, 2021 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors and/or a Committee thereof to alter and vary the terms and conditions of remuneration;

NOTICE

RESOLVED FURTHER THAT all other terms and conditions, if any, mentioned in the resolution passed at the General Meeting dated January 06, 2017, at the time of appointment of Mr. Prasanna Patankar as Managing Director of the Company, shall continue and shall remain unchanged;

RESOLVED FURTHER THAT any of the Director of the Company and/or the Company Secretary either severally and/or jointly be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary and/or incidental for giving effect to this resolution."

Mumbai
August 23, 2021
CIN:- U67110MH2006PLC165306

On behalf of the Board of Directors
for **STCI Primary Dealer Limited**

Regd. Office:-
A/B1- 801, A Wing, 8th floor, Marathon Innova,
Marathon Nextgen Compound, Off G. K. Marg,
Lower Parel (West), Mumbai 400013.

Pradeep Madhav
Director
DIN:- 00267422

NOTES

1. In view of the outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 02/2021 dated January 13, 2021 read together with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 and other circulars, if any, (collectively referred to as "MCA Circulars"), permitted the holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members at a common venue. In compliance to the provisions of the Companies Act, 2013 read with the MCA Circulars, the AGM of the Company is being held through VC/OAVM.
2. In compliance with applicable provisions of the Act read with the MCA Circulars, the AGM of the Company is being conducted through VC/ OAVM and the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
3. Pursuant to the applicable provisions, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC/ OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. A body corporate (including any company which is a Member of the Company) may authorize any person as it thinks fit by a resolution of its Board of Directors or other governing body to act as its representative on its behalf at any meeting including this meeting, and such representative shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the body corporate which he represents as that body corporate would exercise if it were an individual. The body corporate is requested to send a scanned copy of the Board Resolution/ Authority Letter, etc., authorizing their representative to attend the AGM through VC/OAVM on their behalf. Members of the Company, being a body corporate, are requested to email a certified true copy of the Resolution of the meeting of their Board of Directors or governing body appointing the representative of the body corporate not later than 48 hours before the commencement of the meeting, at the email id provided in the email sent to the members for convening the AGM.

NOTICE

5. Certified true copies of the Resolutions appointing the representative by bodies corporate and to attend the meeting on their behalf which are received will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this notice up to the date of AGM.
6. Members are requested to notify any change in their address immediately to the Company at its Registered Office.
7. Members desiring any additional information or having any question or query pertaining to the business to be transacted at the AGM are requested to write to the Company, mentioning their name, DP ID and Client ID number/folio number and mobile number at least 48 hours before the time fixed for the AGM, to enable the Management to keep the information ready. The queries may be raised precisely and in brief to enable the Company to answer the same suitably.
8. Members are encouraged to join the Meeting through laptops/IPads for better audio video quality. Further, Members will be required to allow the use of the camera of their device and use internet with a good speed to ensure good connectivity during the meeting. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuations in their respective networks. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any technical glitches.
9. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting. The link for joining the meeting shall be sent via email to the members.
10. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under the applicable provisions of the Companies Act, 2013 and the MCA Circulars thereof.
11. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, about the above Resolutions, as and where required, is enclosed as an Annexure to the Notice.

Mumbai
August 23, 2021
CIN:- U67110MH2006PLC165306

Regd. Office:-
A/B1- 801, A Wing, 8th floor, Marathon Innova,
Marathon Nextgen Compound, Off G. K. Marg,
Lower Parel (West), Mumbai 400013.

On behalf of the Board of Directors
for STCI Primary Dealer Limited

Pradeep Madhav
Director
DIN:- 00267422

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT (Pursuant to section 102 of the Companies Act, 2013)

Item No. 4

Appointment of Mr. Raghvendra Kumar as Non-Executive Director of the Company

Pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, as amended from time to time, the Board of Directors at their meeting held on May 7, 2021, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Raghvendra Kumar, as an Additional Director (Non-Executive) of the Company.

In accordance with the provisions of Section 161 of the Act, Mr. Raghvendra Kumar holds office as an Additional Director upto the date of the Annual General Meeting and is eligible for appointment as a Non-Executive Director whose office shall be liable to retire by rotation, subject to the approval by the Members of the Company.

In compliance with the provisions of Section 149, 161 and other applicable provisions of the Companies Act, 2013, and the Rules framed thereunder, as amended from time to time, the appointment of Mr. Raghvendra Kumar, as Non-Executive Director of the Company, effective from May 7, 2021, and whose period of office shall be liable to be determined by retirement by rotation, is now being placed before the Members for their approval. The necessary declaration and requisite consent to act as a Director has been received to this effect.

In accordance with the Secretarial Standards on General Meeting ('SS-2') issued by the Institute of Company Secretaries of India, a brief profile of Mr. Raghvendra Kumar including age, qualifications, terms and conditions of appointment, expertise, other directorship is enclosed herewith and forms part of this explanatory statement.

None of the Directors, Key Managerial Personnel and/or their relative, except Mr. Raghvendra Kumar, is concerned or interested in the Resolution(s) of the accompanying Notice relating to appointment of him as a Non-Executive Director of the Company. The Board of Directors recommends the resolution for the approval by the Members.

Item No. 5

Revision in the terms of Remuneration payable to Mr. Prasanna Patankar, Managing Director

At the meeting of the Board of Directors of the Company held on December 30, 2016, Mr. Prasanna Patankar was appointed as the Managing Director of the Company for a period of five (5) years with effect from January 24, 2017, till January 23, 2022. The appointment and remuneration of Mr. Prasanna Patankar was approved by the Members of the Company, at the General Meeting of the Company held on January 06, 2017. The remuneration was subsequently revised by the Board of Directors at their meetings held on August 02, 2018, August 26, 2019, and September 7, 2020, which was subsequently approved by the Members at the Annual General Meeting held on August 06, 2018, September 04, 2019, and September 18, 2020, respectively.

The current salary paid to Mr. Prasanna Patankar is ₹ 7,20,000/- (Rupees Seven Lakhs Twenty Thousand Only) per month which includes Basic Pay of ₹ 3,20,000/-, HRA of ₹ 80,000/- & Special Allowance of ₹ 3,20,000/-. The aforesaid salary does not include other benefits payable, if any.

Based on the recommendations made by Nomination and Remuneration Committee in their meeting held on July 13, 2021, the Board of Directors in their meeting held on July 14, 2021, approved an increase in the salary payable to Mr. Prasanna Patankar to ₹ 7,95,000/- (Rupees Seven Lakhs Ninety Five Thousand Only) per month which includes Basic Pay of ₹ 3,50,000/-, HRA of ₹ 80,000/- & Special Allowance of ₹ 3,65,000/-, subject to the approval of the Members of the Company.

In compliance with the provisions of Sections 197, 198 and other applicable provisions, if any, of the Act, read with Schedule V to the Act and corresponding Rules framed thereunder, the revision in the terms of remuneration payable to Mr. Prasanna Patankar, as specified above, are now being placed before the Members for their approval. The other terms and conditions of remuneration are as under: -

- *Provident Fund/Superannuation/Annuity Fund: During the period of his employment, he will be entitled to the Company's contribution to Provident Fund/Superannuation/Annuity Fund and the amount of Company's contribution and other benefits will be as per Company's rules.*
- *Gratuity: During the period of his employment, he shall be entitled to gratuity and the amount payable as gratuity will be computed as per the Payment of Gratuity Act.*

ANNEXURE TO THE NOTICE

- *Leave, Leave Encashment: As Per Company's rules.*
- *Leave Travel Concession: ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand Only) per annum.*
- *Medical Benefit : ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand Only) per annum*

Perquisites:

- A company car (with personal driver) will be provided and usage/reimbursement of which will be as per Company rules.*
- Free furnished residential accommodation will be provided in lieu of HRA.*
- Insurance by the Company against hospitalisation expenses, arising out of an accident or sickness or any other cause, under the Group Medclaim insurance and/or Term insurance policy as per Company's rules.*
- Other facilities like telephone charges reimbursement, meal vouchers, etc. would be provided as per Company's rules.*
- He would be eligible for Performance Linked Variable Pay (PLVP) based on the performance of the Company and as per the PLVP Scheme of the Company. The percentage and the quantum of PLVP could vary from year to year as decided by the Board.*
 - In other service matters, not expressly covered by the terms of appointment, the rules as applicable to the Senior Officers of the Company will be followed.*
 - In the event of inadequacy or absence of profits in any financial year, the remuneration referred to as aforesaid will be paid as minimum remuneration.*
 - Tax payable on salary shall be borne by Mr. Prasanna Patankar as per Income Tax Act, 1961 or any Rules framed thereunder.*

The existing terms and conditions of appointment and remuneration, including any revisions, of Mr. Prasanna Patankar, Managing Director of the Company, as set out in the Resolution(s) passed by the members in the aforementioned General Meeting(s) would be available for inspection, by electronic means.

In accordance with the Secretarial Standards on General Meeting ('SS-2') issued by the Institute of Company Secretaries of India, a brief profile of Mr. Prasanna Patankar including age, qualifications, terms and conditions of appointment, expertise, other directorships are enclosed herewith and forms part of this explanatory statement.

None of the Directors, Key Managerial Personnel and/or their relative(s), except Mr. Prasanna Patankar, is concerned or interested in the Resolution(s) of the accompanying Notice relating to variation in the terms of remuneration payable to him as Managing Director. The Board of Directors recommends the resolution for the approval of the Members.

Mumbai
August 23, 2021
CIN:- U67110MH2006PLC165306

Regd. Office:-
A/B1- 801, A Wing, 8th floor, Marathon Innova,
Marathon Nextgen Compound, Off G. K. Marg,
Lower Parel (West), Mumbai 400013.

On behalf of the Board of Directors
for STCI Primary Dealer Limited

Pradeep Madhav
Director
DIN:- 00267422

ANNEXURE TO THE NOTICE

Pursuant to Secretarial Standard on General Meetings (SS-2), the details of Directors interested in item no. 2, 4 and 5 at 15th Annual General Meeting ("AGM") of the Company is as under:

Name of Director	Mr. R. Venkataramani	Mr. Raghvendra Kumar
Designation	Non-Executive Director	Additional Director/Non-Executive
Age	71 yrs 11 months (D.O.B.- Sept 28, 1949)	53 yrs 11 months (D.O.B.- Sept 19, 1967)
Date of first appointment on the Board	May 25, 2015	May 7, 2021
Qualification	B. Com, ACA, CAIIB - Part 1	Graduate, CAIIB
Experience - brief profile	Mr. R Venkataramani has 32 years of Banking experience with Union Bank of India in areas of Risk Management, Credit, Treasury & Merchant Banking, NPA Management, Compliance, Branch Banking Regional/ Zonal Management, Rural/Priority Sector banking, International Banking, New Products Development. He retired as General Manager (IT & Risk Management) from Union Bank of India in November 2007. He has been on a few committees constituted by RBI. He has acted as Chief Advisor (Compliance) at ICICI Venture Fund Management Company. He was appointed as Nominee Director on the board of SBI Factors Limited and was also on the supervisory committee of Directors of ICICI Ventures Advantage Fund.	Mr. Raghvendra Kumar has over 28 years of experience in the Banking Sector. He is a seasoned banker with wide experience in Indian and International Banking including forex operations, trade finance and overseas assignment. He is a science graduate, CAIIB and holds a Dealing Certificate from ACI, Paris. He has been the Chief Dealer of Bank of India Global Treasury. Presently he is a General Manager in Bank of India, holding the portfolios of Treasury (B.O.), Foreign Business Department and Domestic Subsidiaries Management Division.
No of Shares held in Company	NIL	NIL
Relationship with other Directors/Key Managerial Personnel	None	None
Number of meetings of the Board attended during the FY2020-21	6/6	NA as appointed w.e.f May 7, 2021
Directorship in other Companies	STCI Finance Limited	STCI Finance Limited
Membership in Committees of Company.	<ul style="list-style-type: none"> • Member of Audit Committee • Member of Risk Management Committee • Member of Nomination & Remuneration Committee • Member of Corporate Social Responsibility Committee 	NIL
Membership in Committees of other companies.	STCI Finance Limited <ul style="list-style-type: none"> • Chairman of Audit Committee • Chairman of Risk Management Committee • Member of Nomination & Remuneration Committee • Member of Credit and Investment Committee 	NIL
Terms and conditions of appointment/reappointment	As per details provided in item no. 2 of the Notice.	As per details provided in item no. 4 of the Notice.
Remuneration last drawn	As per details provided in Directors' Report.	As per details provided in Directors' Report.
Remuneration proposed to be paid	Sitting fees payable as approved by the Board, from time to time, within the limit prescribed under the Companies Act, 2013.	Sitting fees payable as approved by the Board, from time to time, within the limit prescribed under the Companies Act, 2013.

ANNEXURE TO THE NOTICE

Name of Director	Mr. Prasanna Patankar
Designation	Managing Director
Age	51 yrs 10 months (D.O.B.- Oct 2, 1969)
Date of first appointment on the Board	May 25, 2015
Qualification	B.Sc. (Hons), MBM
Experience - brief profile	Mr. Prasanna Patankar has over 28 years of cumulative work experience in Treasury & Investment Management functions across areas which include Primary Dealership (PD) Operations, Fixed Income Sales & Trading, Debt & Macro Economic Research, Debt Capital Markets, Client Asset Management, Proprietary Equity Trading, etc. Mr. Prasanna Patankar was part of the team that which set up Primary Dealership Business at STCI Primary Dealer Limited.
No of Shares held in Company	1 share held as Nominee of STCI Finance Limited
Relationship with other Directors/Key Managerial Personnel	None
Number of meetings of the Board attended during the FY2020-21	6/6
Directorship in other Companies	(i) STCI Finance Limited (ii) Primary Dealers Association of India (Sec. 8 Company)
Membership in Committees of Company.	Member of Corporate Social Responsibility Committee
Membership in Committees of other companies.	NIL
Terms and conditions of appointment/reappointment	As per details provided in item no. 5 of the Notice.
Remuneration last drawn	As per details provided in item no. 5 of the Notice.
Remuneration proposed to be paid	As per details provided in item no. 5 of the Notice.

DIRECTORS' REPORT

TO

THE SHAREHOLDERS OF STCI PRIMARY DEALER LIMITED (CIN:- U67110MH2006PLC165306)

Your Directors are pleased to present the 15th Annual Report on the business, operations and the state of affairs of the Company together with the Audited Accounts of the Company for the year ended March 31, 2021.

1. FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2021, is as under:-

Particulars	(₹ in Lakh)	
	FY 2020-21	FY 2019-20
Income		
Revenue	62,230.00	78,027.74
Other income	798.16	2.17
A. Total income	63,028.16	78,029.91
Expenses		
Operating expenditure	2,755.10	3,427.69
Depreciation and amortization expense	93.41	108.68
Finance costs	29,375.28	45,352.72
B. Total Expenses	32,223.79	48,889.09
C. Profit before tax and exceptional items (A-B)	30,804.37	29,140.82
D. Exceptional items	-	-
E. Profit before Tax (C-D)	30,804.37	29,140.82
F. Tax expense	(7,965.06)	(6,544.97)
G. Profit for the year attributable to owners of the company (E-F)	22,839.31	22,595.85
H. Opening balance of retained earnings	25,169.57	17,546.79
I. Dividend (including tax on dividend)	(12,600.00)	(10,126.68)
J. Transfer to statutory reserve	(4,545.73)	(4,846.40)
K. Closing balance of retained earnings [(G+H)-(I+J)]	30,863.15	25,169.57

Your Company has made a net profit (Profit After Tax) of ₹ 228.39 Crore for the FY2020-21 as against a net profit (Profit After Tax) of ₹ 225.96 Crore for the FY2019-20. This profit is the highest ever in the history of the Company. The Company was able to deliver an excellent financial performance for the second consecutive year.

2. MANAGEMENT DISCUSSION AND ANALYSIS

a. THE ECONOMY

The economic landscape of FY2020-21 remained under the shadow of the global COVID-19 pandemic, which negatively impacted macro economic prospects through out the year. During FY2020-21, the pandemic triggered a series of lockdowns and stringent restrictions across the globe that resulted in devastating impact on world output growth. Advanced economies including United States, Euro Area and United Kingdom witnessed GDP contraction of (-)3.5%, (-)6.6% and (-)9.9% respectively during the calendar year 2020. Overall, the advanced economies contracted by (-)4.7% during CY2020. On the other hand, emerging and developing economies performed marginally better with a growth rate of (-)2.2%. In response to the fragile economic growth conditions, central banks around the world adopted an extremely loose monetary policy along with aggressive bond purchase programmes to stave off recession.

DIRECTORS' REPORT

Within the emerging and developing economies, India was one of the worst affected economies during the year. Domestic real GDP growth declined sharply by (-)7.3% during FY2020-21; with Q1FY21 being most severely impacted at (-)24.4%, and slowly recovering during subsequent quarters : Q2 at (-)7.4%, Q3 at 0.5% and Q4 at 1.6%. Several important sectors witnessed sharp contraction including construction at (-)8.6%, mining at (-)8.5%, manufacturing at (-)7.2% and trade, hotels, transport & communication at (-)18.2% and bore the worst consequences of the nationwide lockdown.

During the year, CPI inflation edged higher and averaged 6.18% in FY2020-21 as compared to 4.76% in FY2019-20. During April-November 2020, headline CPI inflation stayed above the upper tolerance level of 6%, largely due to supply-side shocks created by the stringent lockdowns. However, inflation settled below 6% during December 2020 - March 2021, on the back of benign food prices and favorable base effects. RBI's Monetary Policy Committee (MPC) voted to reduce the Repo rate and Reverse Repo rate by a cumulative 40 bps and 65 bps during FY21. Although RBI did not announce any rate cuts after its May 2020 Policy Review, a host of conventional and unconventional measures were implemented by the Central Bank and these broadly supported the market conditions.

Global cues remained largely supportive for domestic markets. US Treasury yields, and crude oil prices remained soft for almost first three quarters of FY2020-21 amid looming uncertainty brought on by the pandemic. Continued accommodative monetary policy stance, aggressive bond purchase programmes by the US Federal Reserve, and demand for safe haven assets supported the US-Treasury yields. In addition, subdued global oil demand kept the oil prices extremely benign during the year.

During the year, the Central Government's finances saw a sharp fiscal slippage on account of severe shortfall in revenues including both tax receipts and disinvestment proceeds, coupled with increased revenue expenditure necessitated by the pandemic. Further, in FY2020-21, the government ceased the National Small Savings Fund (NSSF) loans to Food Corporation of India (FCI) as it decided to clean the legacy off-balance sheet borrowings by recognizing them as an on-balance sheet item. Thus, in the Union Budget presented on February 01, 2021, the Central Government sharply revised its fiscal deficit target higher to 9.5% from an earlier estimate of 3.5%.

b. DEVELOPMENTS IN MONEY AND SECURITIES MARKET

For domestic financial markets, the year commenced with increased uncertainty on account of the COVID-19 pandemic, as the country went into a nationwide lockdown from March 25, 2021. Following a massive unscheduled Repo rate cut of 75 bps and Reverse Repo rate cut of 90 bps on March 27, 2020, to support the growth and to ensure congenial financial conditions, RBI further reduced the Reverse Repo rate again by 25 bps on April 17, 2020. In view of the stressed macroeconomic conditions, the RBI also advanced the scheduled June 2020 MPC Policy Review meeting by two weeks and announced a Repo rate cut of 40 bps on May 22, 2020.

These monetary measures and announcement of OMO purchases helped yields to remain soft during the first two months of the fiscal year. During April-May 2021, despite a huge foreign capital outflow of around ₹ 36,000 Crore amid heightened global risk aversion, the 10Y benchmark yield softened by approximately 52 bps. Expansionary monetary policy, easy liquidity conditions and extremely low crude oil prices amid muted global oil demand helped the yields to remain soft during the period.

However, market sentiment abruptly reversed as the Central Government in an attempt to combat the repercussions of the pandemic on the economy, announced a massive relief package of ₹ 20 Lakh Crore. On May 08, 2021, it sharply revised the G-Sec gross market borrowing programme from ₹ 7.80 Lakh Crore to ₹ 12 Lakh Crore to augment its slipping revenues and support increased expenditure. This resulted in the 10Y benchmark yield hardening by ~20 bps amidst concerns on further fiscal slippage and additional borrowing.

In the August 2020 Monetary Policy review, the MPC decided to keep the policy Repo rate unchanged at 4%, considering the upside risks to inflation. Though a status quo on policy rates was widely expected in the market, bond yields climbed post the policy statement as no measures were announced to ease the concerns of larger supply of the dated securities. Hawkish commentary by some of the MPC members revealed in the monetary policy minutes disappointed the market. Adding to the negative sentiment, CPI headline inflation for July 2020 inched upwards to print at 6.73%.

To alleviate the demand supply mismatch for Government securities, RBI announced a set of measures with a view to support the bond market and ease financial conditions. RBI conducted two special OMO purchases (titled Operation Twist or OT) in August 2020 thereby easing some concerns over the large supply. Further, the measures included

DIRECTORS' REPORT

infusion of liquidity through term repo operations of ₹ 1 Lakh Crore, increase in the limit under the HTM category from 19.5% to 22% of NDTL with respect to SLR securities acquired on or after September 01, 2020, up to March 31, 2021. These measures led to a fall in yields and the 10Y benchmark yield softened for a brief period. However, despite a series of OTs/OMOs with an aim to ease the supply pressure, devolvement of 10Y benchmark paper in three consecutive primary auctions for a total of ₹ 53,818 Crore and rejection of all the bids in one OMO purchase auction during September impacted bond yields negatively. The market remained plagued by weak appetite among investors for such large issuances even with the support from RBI purchases.

The borrowing calendar for H2FY21 provided some relief for the market as the Central Government did not announce additional market borrowing. In its October 2020 Monetary Policy review, RBI announced additional unconventional measures including increase in the G-Sec purchase auction size of OMOs/OTs from ₹ 10,000 Crore to ₹ 20,000 Crore and introduction of OMOs in SDLs. However, the Central Government revised the H2FY21 borrowing amount by ₹ 1.10 Lakh Crore in October 2020, to compensate States for GST short fall during FY21. The additional supply which was allocated in the 3 and 5-year maturity buckets led to hardening of yields at the shorter end of the yield curve by around 11-13 bps.

The December 2020 Monetary Policy review was in line with market expectations with a status quo on rates and continuance of the accommodative stance. However, in January 2021, RBI announced its intention to restore normal liquidity management operations in a phased manner by conducting variable rate reverse repo auctions of 14-day tenor. This led to a surge in money market yields as the market was caught unawares by the RBI move.

The Union Budget in February 2021 saw the fiscal deficit number for FY22 being pegged at 6.8%. Additionally, the Central Government announced additional market borrowing to the tune of ₹ 80,000 Crore for the remainder of FY2020-21 and a larger than expected gross market borrowing number of ₹ 12.06 Lakh Crore for FY2021-22. This led the 10Y benchmark yield to rise to a high of 6.13%. The February 2021 Monetary policy Review although in line with market expectations, did not ease market concerns about higher supply in dated securities amid lack of any definite statement regarding bond yield management or announcement of OMOs which led to a sharp surge in bond yields.

The year saw markets remain under the shadow of increased supply with borrowing by State governments under SDLs in FY2020-21 substantially higher at ₹ 7.99 Lakh Crore compared to a borrowing of ₹ 6.35 Lakh Crore in FY20. The demand supply mismatch was manifested in a total devolvement in primary auctions of ₹ 1.31 Lakh Crore on Primary Dealers during the year. This was even as the RBI conducted special OMO purchases under Operation Twist (OTs) to the extent of ₹ 2.02 Lakh Crore and outright OMO purchases in G-Sec of ₹ 0.70 Lakh Crore and in SDLs of ₹ 0.30 Lakh Crore during the year.

c. OPERATIONS REVIEW

(i) Financial Performance

Your Company has made a Net Profit (Profit After Tax) of ₹ 228.39 Crore for FY2020-21. This profit is the highest ever in the history of the Company. Your Company was able to deliver such financial performance in a challenging business environment amidst the Covid-19 pandemic and consequent volatility in the financial markets.

For the FY2020-21, your Company has declared and paid two interim dividends, in accordance with the Dividend Distribution Policy of the Company. The first interim dividend for FY2020-21 was declared in January 2021 at the rate of 62% amounting to ₹ 6.20 per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 93.00 Crore. Further, the second interim dividend for FY2020-21 was declared in May 2021 at the rate of 13% amounting to ₹ 1.30 per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 19.50 Crore. The cumulative payout arising from the distribution of interim dividend for FY2020-21 amounts to ₹ 112.50 Crore. Your Directors do not recommend any final dividend.

(ii) Performance of the Company as a Primary Dealer in Government Securities Market

The Company's total turnover ratio was 343 times in Government Dated Securities and 231 times in Treasury Bills as against the stipulated minimum turnover ratio of 5 times and 10 times respectively under the RBI's guidelines for Primary Dealers in the Government securities market. On an outright basis, the turnover ratio was 87 times in Government Dated Securities and 11 times in Treasury Bills as against the prescribed minimum of 3 times and 6 times respectively. The Company achieved success ratio of 59.64% in respect of bids tendered for primary issues of Treasury Bills as against the stipulated minimum success ratio of 40%.

DIRECTORS' REPORT

(iii) Risk Management

The Company has in place a comprehensive Business Investment and Risk Policy to monitor market, credit, liquidity, forex, settlement, and operational risks associated with the business operations of the Company. The Company's Risk Management Department is an independent unit under the Chief Risk Officer (CRO), who is responsible for measurement and monitoring of risk limits within the risk management framework across all asset classes. The Company uses Value-at-Risk (VaR) methodology for measuring and monitoring market risks associated with its portfolio and uses stress-testing tools to assess the impact of interest rate movements on the portfolio. The Company has an internal Credit Evaluation Committee for evaluating & monitoring the credit quality of entities for investing in their debt instruments. The risk management function of the Company is periodically reviewed by the Risk Management Committee of the Board and the Chief Risk Officer independently briefs the Risk Management Committee on the compliance in respect of the Company's risk framework on a periodic basis.

The Company also has an Asset-Liability Committee (ALCO) of executives of the Company comprising of the Managing Director and Senior Management of the Company. ALCO Committee functions under the guidance and directions of the Board of Directors of the Company as well as the Risk Management Committee.

(iv) Internal Audit and Control Systems

For the period under review, the Company appointed M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, as the Company's Internal and Concurrent Auditors. The scope of their audit included review of adequacy and efficacy of the internal control systems and procedures and deviations, if any, from generally accepted best practices, review of the Company's compliance with applicable laws and regulations including the guidelines issued by RBI and other statutory bodies. M/s. Chandabhoy & Jassoobhoy, Chartered Accountants were also entrusted with the work of Concurrent audit of all money and securities market transactions. The Audit Committee as well as the Board of Directors inter acts with the Internal and Concurrent Auditors on a regular basis for ensuring adequate internal controls and checks.

(v) Regulatory Compliance

The Company has complied with the applicable guidelines prescribed by RBI for the Primary Dealers and NBFCS regarding accounting standards, income recognition, valuation of securities, capital adequacy, etc.

(vi) Credit Rating

The Company has obtained the highest credit rating of A1+ from the credit rating agency CRISIL for ₹ 200 Crore for its short-term debt (STD) programme.

(vii) Debt & Macro Economic - Research

The Company has a dedicated macro economic and debt research desk which releases reports at regular intervals covering careful study and in-depth analysis of economic developments, events and also forecasts various macro-economic parameters, both for the Company's valued clients/market participants as well as for the dealing team to assist in taking informed trading decisions. Other regular research contributions include series of reports in the form of daily and weekly debt market updates and fortnightly economic updates. It also releases periodic reports such as Monetary Policy Meeting expectations, review of MPC decisions and outcomes, analysis and fiscal impact of the Union Budget, Government Borrowing calendar and occasional write-ups on issues of topical interest.

(viii) IT Strategy Committee

The Company has an IT Strategy Committee with an Independent Director as Chairperson in line with the RBI IT Master Directions Framework for NBFCS. This Committee has the responsibility of monitoring the adequacy and compatibility of the IT Systems of the Company as well as advising on the timely upgrade of the IT infrastructure in line with the Company's emerging business requirements. The IT Strategy Committee also reviews the audit of IT systems of the Company which are conducted periodically and gives suggestions/recommendations on areas of improvement.

(ix) Human Resources

The Company's HR function for FY2020-21 was outsourced to M/s. HR Anexi Private Limited, HR Consultants who provided HR support by way of review of Company's HR policies, compensation structure, key hiring plan, new employee on-boarding, skill and capability building for employees and other regular HR engagement activities and initiatives. The Company's staff strength as on March 31, 2021, was 39 employees.

DIRECTORS' REPORT

(x) Internal Financial Controls and their adequacy

The Company has in place adequate Internal Financial Control framework commensurate with the nature, size and scale of operation of the Company. The controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically.

d. OUTLOOK FOR THE CURRENT YEAR

Economic challenges are anticipated to continue in the current fiscal year, as the country recovers from the second wave of the pandemic and may be exposed to a further resurgence of the virus. This imminent third wave could further dent the nascent recovery. Even if the third wave hits the country, the overall economic impact is expected to be relatively limited in comparison to the first wave when the country went into a nationwide lockdown. RBI has revised downward its estimate of the real GDP growth to around 9.5% as compared to its earlier estimate of 10.5%.

On the inflation front, CPI is not expected to edge below the RBI MPC's medium-term target of 4% during FY22. RBI has projected average CPI inflation of 5.7% during FY22 with risks broadly balanced. The prominent upside risks to domestic inflation include higher global commodity prices, irregular monsoon, and supply-side disruptions amid continued COVID-19 restrictions.

The onset of the second wave has pushed the normalization process back by at least 2-3 quarters and monetary policy action on the policy rates front is not expected to commence during FY22. Further, continued support from the RBI in the form of bond purchases under G-Sec Acquisition Programme (GSAP), Operation Twist (OT) and open market operations (OMOs) will help to address the large supply of Government Dated Securities and SDLs so as to prevent a sharp rise in bond yields during the year.

On the global front, the COVID-19 crisis is showing resurgence with the emergence of new virus variants. However, it is expected that as the pace of vaccination gathers further momentum, it would hold out the hope of mitigating the worst effects of future waves of the pandemic and thereby reduce it to an endemic disease. According to the latest world economic outlook, advanced economies are expected to grow by 5.1% in CY2021 as compared to (-) 4.7% in CY2020. Strong economic data, including higher growth prints and falling unemployment rates have created conditions for advanced economies to move towards monetary policy tightening and the likely trimming of massive bond purchase programmes which were implemented at the beginning of the pandemic. This could be a major upside risk for domestic bond yields. Also, soaring crude oil prices amid expected robust global oil demand could be detrimental for domestic markets.

Cautionary Statement

Statements in this Management Discussion and Analysis may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ, from those expressed or implied, due to various factors. The views expressed above are not to be treated as advisory or recommendatory in nature.

3. COMPOSITION OF BOARD

As on March 31, 2021, the Board comprised of six Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under :-

- Mr. G. Narayanan, Independent Director
- Ms. Sonali Sinha, Independent Director
- Mr. T. V. Rao, Independent Director
- Mr. R. Venkataramani, Non-Executive Director
- Mr. Pradeep Madhav, Non-Executive Director
- Mr. Prasanna Patankar, Managing Director

Changes in Board of Directors during the FY2020-21

Mr. Vivek Wahi, Non-Executive Director, stepped down from the Board of the Company with effect from March 31, 2021. The Board acknowledges and places on record its deep appreciation of the contribution made by Mr. Vivek Wahi as a Director during his tenure with the Company.

DIRECTORS' REPORT

The Company has received declarations from Director(s), as applicable to them. The Board met six times during the year under review.

Date of Board Meeting	May 27, 2020	July 22, 2020	Sept 07, 2020	Oct 31, 2020	Jan 15, 2021	Mar 26, 2021
Details of Directors						
1 Mr. G. Narayanan [#]	✓	✓	✓	✓	✓	✓
2 Ms. Sonali Sinha	✓	✓	✓	✓	✓	✓
3 Mr. T. V. Rao	✓	✓	✓	✓	✓	✓
4 Mr. R. Venkataramani	✓	✓	✓	✓	✓	✓
5 Mr. Vivek Wahi*	x	✓	✓	✓	✓	x
6 Mr. Pradeep Madhav	✓	✓	✓	✓	✓	✓
7 Mr. Prasanna Patankar	✓	✓	✓	✓	✓	✓

* ceased to be Director w.e.f March 31, 2021

ceased to be Director w.e.f August 7, 2021

Subsequent to the year under review, Mr. Raghvendra Kumar has been appointed as Additional Director (Non-Executive) of the Company with effect from May 7, 2021. A brief profile of Mr. Raghvendra Kumar is as under: -

Mr. Raghvendra Kumar has over 28 years of experience in the Banking Sector. He is a seasoned banker with wide experience in Indian and International Banking including forex operations, trade finance and overseas assignment. He is a science graduate, CAIIB and holds a Dealing Certificate from ACI, Paris. He has been the Chief Dealer of Bank of India's Global Treasury. Presently he is a General Manager in Bank of India, holding the portfolios of Treasury (B.O.), Foreign Business Department and Domestic Subsidiaries Management Division.

Appropriate Resolution, if any, seeking your approval is included in the Notice of the Annual General Meeting.

In addition, Mr. G. Narayanan, Independent Director, on account of completion of two consecutive terms as an Independent Director, retired from the Board with effect from August 7, 2021. The Board acknowledges and places on record its deep appreciation of the contribution made by Mr. G. Narayanan as Director during his tenure with the Company.

4. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013. The Independent Directors confirm to have complied with the Code for Independent Directors prescribed in Schedule IV the Companies Act, 2013. The Independent Directors confirm to have registered with the Independent Directors databank.

5. COMMITTEES OF THE BOARD

The Committees of the Board play a crucial role and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board of Directors to carry out clearly defined roles.

The Company has following Committees of the Board:-

(i) Audit Committee

As on March 31, 2021, the Audit Committee of the Board comprised of Mr. G. Narayanan, Mr. R. Venkataramani, Ms. Sonali Sinha and Mr. T. V.Rao. The scope and functions of the Audit Committee includes the following:

- review of the Statutory and Internal Auditors' reports
- monitor the adequacy of the internal control system and internal audit function
- review the Company's financial management policies
- discussions with the Internal, Concurrent and Statutory Auditors as and when necessary/required
- recommending appointment, remuneration and terms of appointment of auditors of the Company;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- examining the financial statement and the auditors' report thereon;
- approving or ratifying transactions of the Company with related parties, if any;
- scrutinizing inter-corporate loans and investments, if any;
- valuation of undertakings or assets of the Company, wherever it is necessary;

DIRECTORS' REPORT

- evaluation of internal financial controls and risk management systems;
- any other applicable matters as specified under section 177 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard

In addition to quarterly meetings for consideration of financial results, meetings of the Audit Committee may also be convened, as and when required, for review of various businesses/functional aspects of the Company, business risk assessment, internal audit, etc.

The Committee met four times during the year.

Date of Meeting		May 27, 2020	July 22, 2020	Oct 31, 2020	Jan 15, 2021
Details of Directors					
1	Mr. G. Narayanan [#]	✓	✓	✓	✓
2	Ms. Sonali Sinha	✓	✓	✓	✓
3	Mr. R. Venkataramani	✓	✓	✓	✓
4	Mr. T. V. Rao	✓	✓	✓	✓

[#] ceased to be Director w.e.f August 7, 2021

(ii) Risk Management Committee

As on March 31, 2021, the Risk Management Committee of the Board comprised of Mr. G. Narayanan, Ms. Sonali Sinha, Mr. R. Venkataramani and Mr. T. V. Rao. The Company has in place a detailed and comprehensive Business Investment and Risk Policy, which is reviewed at regular intervals and modified, if required, to align it with the changing business dynamics of the Company. The Risk Management Committee meets at regular intervals to review the Company's risk exposure and monitor adherence to various prudential limits. The scope of the Risk Management Committee includes the following:

- review compliance with the approved/statutory risk policies and parameters.
- review risk policies, procedures and reporting mechanisms.
- review risk management reports on a periodic basis and suggest modifications to the Business Investment and Risk Policy of the Company for submitting to the Board for final approval.
- all such acts and functions as may be delegated by the Board of Directors

The Committee met five times during the year.

Date of Meeting		May 27, 2020	July 22, 2020	Oct 31, 2020	Jan 15, 2021	March 26, 2021
Details of Directors						
1.	Mr. G. Narayanan [#]	✓	✓	✓	✓	✓
2.	Ms. Sonali Sinha	✓	✓	✓	✓	✓
3.	Mr. Pradeep Madhav [§]	✓	Refer Note			
4.	Mr. Vivek Wahi [®]	x	✓	✓	✓	x
5.	Mr. R. Venkataramani [*]	Refer Note	✓	✓	✓	✓
6.	Mr. T. V. Rao [*]	Refer Note	✓	✓	✓	✓

[§] ceased to be in Committee w.e.f July 22, 2020

[®] ceased to be director w.e.f March 31, 2021

^{*} inducted in the Committee w.e.f July 22, 2020

[#] ceased to be Director w.e.f August 7, 2021

(iii) Nomination and Remuneration Committee

As on March 31, 2021, the Nomination and Remuneration Committee of the Board comprised of Mr. G. Narayanan, Ms. Sonali Sinha, Mr. R. Venkataramani and Mr. Pradeep Madhav. The Nomination and Remuneration Committee plays an active role in HR development, performance management and talent retention and reviews HR policies on a regular basis. The scope of the Nomination and Remuneration Committee includes the following:

DIRECTORS' REPORT

- identify persons qualified to become Directors and recommend to the Board their appointment and removal, if considered appropriate.
- identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- carry out evaluation of every Director's performance.
- formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- any other matters as specified under section 178 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard.

The Committee met three times during the year.

Date of Meeting		May 27, 2020	Aug 12, 2020	Mar 26, 2021
Details of Directors				
1	Mr. G. Narayanan [#]	✓	✓	✓
2	Ms. Sonali Sinha	✓	✓	✓
3	Mr. R. Venkataramani	✓	✓	✓
4	Mr. Pradeep Madhav [*]	Refer Note	✓	✓

^{*} inducted in the Committee w.e.f August 12, 2020

[#] ceased to be Director w.e.f August 7, 2021

(iv) Corporate Social Responsibility (CSR) Committee

As on March 31, 2021, the Corporate Social Responsibility (CSR) Committee comprised of Ms. Sonali Sinha, Mr. G. Narayanan, Mr. R. Venkataramani and Mr. Prasanna Patankar. The Company aims to contribute to the social and economic development of the community and direct and assist efforts to build a better, sustainable way of life for the betterment of the society. The scope of the Committee is as prescribed in the Companies Act, 2013 and as delegated by the Board. The projects/beneficiaries of the CSR initiatives of the Company are clearly laid down in the CSR policy of the Company and approved by the Board of Directors.

The Corporate Social Responsibility (CSR) Committee met three times during the year.

Date of Meeting		Oct 31, 2020	Jan 15, 2021	Mar 26, 2021
Details of Directors				
1	Mr. G. Narayanan [#]	✓	✓	✓
2	Ms. Sonali Sinha	✓	✓	✓
3	Mr. Prasanna Patankar	✓	✓	✓
4	Mr. R. Venkataramani	✓	✓	✓

[#] ceased to be Director w.e.f August 7, 2021

6. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour.

The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The ICC is responsible for redressal of complaints related to sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

DIRECTORS' REPORT

The following is a summary of sexual harassment complaints received and disposed of during the year:

- (a) Number of complaints pending at the beginning of the year - NIL;
- (b) Number of complaints received during the year - NIL;
- (c) Number of complaints disposed off during the year - NIL;
- (d) Number of cases pending at the end of the year - NIL.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 and the rules framed thereto and any other provisions, if any, the Directors confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that appropriate accounting policies have been adopted and have been applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis; and
- (e) that proper systems to ensure compliance with the provisions of all applicable laws and that such systems have been adequate and operating effectively.

8. AUDITORS

M/s. Dassani and Associates, Chartered Accountants, Mumbai bearing ICAI firm registration number 009096C, were appointed as the Statutory Auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY2020-21.

M/s. BNP & Associates, firm of Practising Company Secretaries, were appointed as Secretarial Auditor of the Company for the FY2020-21.

9. DISCLOSURE OF PARTICULARS

The Company is a Standalone Primary Dealer as defined and regulated by the Reserve Bank of India and is not a manufacturing Company, hence the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 and the rules framed thereto are not applicable to the Company.

The information required pursuant to Section 134 read with rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be provided upon request. In terms of Section 136 of the Act, the report and accounts are being sent to members excluding the information on employee's particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing General Meeting. Interested members may write to the Company for the same.

The details of foreign exchange earnings, if any, as well as foreign exchange outgo, if any, are mentioned in the Notes to Accounts of the Audited Financial Statements for FY2020-21.

10. RELATED PARTY TRANSACTION

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business operations. All related party transactions are placed before the Audit Committee and the Board of Directors. There are no materially significant transactions made by the Company with Promoters, Directors, Key Managerial Persons or any other related parties that may have a potential conflict with the interest of the Company at large. The details of contracts or arrangements with related parties along with justification for entering into transactions referred to in sub-section (1) of section 188 are annexed to the Report as "**Annexure I**". The Policy on Related Party Transaction is available on the Company's website www.stcipd.com and is also annexed to the Report as "**Annexure III**".

11. VIGIL MECHANISM POLICY

The Company has established a vigil mechanism through the Audit Committee, to address any complaint related to questionable practices, internal controls, auditing matters, or the reporting of all information to the shareholders, the regulators and/or the government and the financial markets. The vigil mechanism allows for disclosure by a whistle blower internally of such matters without fear of reprisal, discrimination or adverse employment consequences and addresses the disciplining of those responsible. The vigil mechanism provides adequate safeguards against victimisation of

DIRECTORS' REPORT

whistle blower and makes provision for direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the Company and its employees. The Company has formulated a Vigil Mechanism Policy in accordance with the requirements of Section 177 of the Companies Act, 2013 and the rules framed thereto. The Policy is available on the Company's website www.stcipd.com.

12. FAIR PRACTICES CODE

The Company has adopted the Fair Practices Code prepared in accordance with the guidelines as prescribed by RBI as well as the publications/code/general market practice guidelines released by FIMMDA/PDAI. The Code is available on the Company's website www.stcipd.com.

13. POLICY ON NOMINATION & REMUNERATION OF DIRECTORS

The Company has formulated a policy in accordance with the requirements of Section 178 of the Companies Act, 2013 and the rules framed thereto. The Policy is available on the Company's website www.stcipd.com.

14. CORPORATE SOCIAL RESPONSIBILITY POLICY AND DISCLOSURE

The Company has formulated a policy in accordance with the requirements of Section 135 of the Companies Act, 2013 and the rules framed thereto. The Company's CSR policy is intended to make a material, visible and lasting difference and impact to the lives of the disadvantaged/underprivileged sections of society. The disclosures under Corporate Social Responsibility in accordance with the Companies Act, 2013 & Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed to the report as "**Annexure II**". The Policy is available on the Company's website www.stcipd.com.

15. ANNUAL RETURN

In accordance with the provisions of Section 92 of the Companies Act, 2013 and the Rules framed there under, the annual return as on March 31, 2021, would be made available on the Company's website www.stcipd.com within the prescribed timelines.

16. FORMAL ANNUAL EVALUATION

The Company has adopted a policy of performance evaluation of the Board of Directors and that of its Committees and individual Directors. During the FY2020-21, the Company had undertaken the evaluation exercise as stipulated in accordance with the policy as well as in the matter as prescribed under the Act.

17. SUBSEQUENT EVENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2021, and the date of the report.

18. KEY MANAGERIAL PERSONNEL

During the FY2020-21 the Company had the following Key Managerial Personnel (KMP) in line with the requirements and as defined by the Companies Act, 2013 and the rules framed thereto

- (i) Mr. Prasanna Patankar, Managing Director
- (ii) Mr. Kalpesh Mody, Company Secretary & Chief Financial Officer (CFO)

19. INSTANCES OF FRAUD, IF ANY, REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143 (12) of the Companies Act, 2013.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There were no significant and/or material orders passed against the Company by the regulators or courts or tribunals impacting the going concern status of the Company and/or impacting the Company's operations in future.

21. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There are no adverse comments, qualifications or reservations made by the Secretarial Auditors, Statutory Auditors as well as Comptroller & Auditor General of India (C&AG).

DIRECTORS' REPORT

22. SHARES

There has been no change in shareholding pattern for the FY2020-21. The details of the transfer(s) of share(s), if any, has been mentioned in Annual Return, which is available on the Company's website www.stcipd.com.

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186(11) of the Companies Act, 2013, the provisions of Section 186(4) of the Companies Act, 2013 requiring disclosure in the financial statements of the particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security is not applicable to Non-Banking Financial Company registered under Chapter III of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities.

24. REGISTRAR & SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited acts as the Registrar & Share Transfer Agent of the Company for FY2020-21.

25. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

26. PUBLIC DEPOSITS

During the year ended March 31, 2021, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 as well as within the meaning of Chapter V of the Companies Act 2013 and the rules framed thereto.

27. BRANCH OFFICES

The Company has a total of three (3) branch offices viz. New Delhi, Kolkata and Bengaluru which have been driving the business development efforts on a pan-India basis and procuring business from PSUs, Commercial Banks, Co-operative Banks, Small Finance Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies, Mutual Funds etc. The activities of these offices are being regularly assessed, reviewed and monitored.

28. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

The Company had subscribed to the Commercial Papers (CPs) issued by Infrastructure Leasing & Financial Services Limited (IL&FS) of face value of ₹ 100,00,00,000/- (Rupees One Hundred Crore Only) of which CP of face value of ₹ 50,00,00,000/- (Rupees Fifty Crore Only) were due to be repaid on September 17, 2018 and balance CP of face value of ₹ 50,00,00,000/- (Rupees Fifty Crore Only) was due to be repaid on March 05, 2019. IL&FS did not honour its repayment obligations towards the Company under both these CPs on the due dates.

The Company's claim as one of the "Financial Creditor" of IL&FS under the Insolvency & Bankruptcy Code, 2016 and the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 has been admitted. Further, the Company is part of the 'Committee of Creditors (CoC)' for the insolvency resolution plan of IL&FS.

Presently, the matter is subjudice and pending before the Hon'ble National Company Law Tribunal (NCLT), Mumbai and the Hon'ble National Company Law Appellate Tribunal (NCLAT), New Delhi.

29. ACKNOWLEDGEMENT

Your Directors thank STCI Finance Limited (Holding Company), Reserve Bank of India, SEBI, CCIL, its Bankers, NSDL, Stock Exchange(s), other commercial and cooperative banks, financial institutions, mutual funds, insurance companies, corporates and other customers for their business support and continued patronage. The Directors would also like to place on record their appreciation of the dedicated performance by the officers and staff of the Company.

On behalf of the Board of Directors of STCI Primary Dealer Limited

Pradeep Madhav
Director

Prasanna Patankar
Managing Director

DIN : 00267422
August 23, 2021
Mumbai

DIN : 07658714
August 23, 2021
Mumbai

DIRECTORS' REPORT

ANNEXURE I

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

Sr. No	Particulars	Amount
1	<p>Details of contracts or arrangements or transactions not at arm's length basis</p> <p>(a) Name(s) of the related party and nature of relationship</p> <p>(b) Nature of contracts / arrangements / transactions</p> <p>(c) Duration of the contracts / arrangements / transactions</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any</p> <p>(e) Justification for entering into such contracts or arrangements or transactions</p> <p>(f) Date(s) of approval by the Board</p> <p>(g) Amount paid as advances, if any:</p> <p>(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188</p>	<p>Not Applicable</p>
2	<p>Details of material contracts or arrangement or transactions at arm's length basis</p> <p>(a) Name(s) of the related party and nature of relationship</p> <p>(b) Nature of contracts / arrangements / transactions</p> <p>(c) Duration of the contracts / arrangements / transactions</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any:</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any:</p>	<p>Refer Annexure A</p>

On behalf of the Board of Directors

Pradeep Madhav
Director

Prasanna Patankar
Managing Director

DIN : 00267422
August 23, 2021
Mumbai

DIN : 07658714
August 23, 2021
Mumbai

DIRECTORS' REPORT

ANNEXURE II

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on the CSR policy of the Company:

The Corporate Social Responsibility (CSR) Policy assists the Company in its vision to contribute to the social and economic development of the communities at large. The CSR Policy serves as the basic guiding document on directing our effort towards building a better, sustainable way of life for the betterment of the society. The Company's CSR policy is intended to make a material, visible and lasting difference to the lives of the disadvantaged/underprivileged sections of society and a dedicated CSR budget would be set aside out of profits of the Company based on the specifications as per the required law for its various CSR initiatives.

2. The Composition of the CSR Committee

As on March 31, 2021 the CSR Committee comprised of;

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Sonali Sinha	Independent Director	3	3
2.	Mr. G. Narayanan [#]	Independent Director	3	3
3.	Mr. R. Venkataramani	Director	3	3
4.	Mr. Prasanna Patankar	Managing Director	3	3

[#] ceased to be Director w.e.f August 7, 2021

3. Provide the web-link where Composition of CSR committee, approved by the board are disclosed on the website of the company:

Composition of the CSR committee, CSR Policy and CSR projects is available on the Company's website on www.stcipd.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
		NIL	NIL

6. Average net profit of the company as per section 135(5): ₹ 13,188.07 Lakh

7. (a) Two percent of average net profit of the company as per section 135(5):

The Company is required to spend ₹ 263.76 Lakh towards CSR.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 263.76 Lakh

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in Lakhs)	Amount Unspent (₹ in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
267.10	NA		NA		

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

DIRECTORS' REPORT

(c) Details of CSR amount spent against other than ongoing projects for the financial year: (₹ in Lakh)

Sr No	Name of the CSR Project	Item from the list of activities in project Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Amount spent for the Project (₹ In Lakh)	Mode of implementation Direct (Yes/No)	Mode of implementation- Through implementing agency	
				State	District			Name	CSR Regn. number
1	Prime Minister's National Relief Fund (PMNRF)	Clause(viii) socio economic development	Yes	PAN India		19.59	Yes	NA	NA
2	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Clause(viii) socio economic development	Yes	PAN India		19.59	Yes	NA	NA
3	Adopt a Cancer Patient Project - treatment of 30 poor patients	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	30.00	No	Cancer Patient Aid Association (CPAA)	CSR-00000926
4	Project for Financial assistance to young & pediatric cancer patients at Tata Memorial Hospital	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	25.00	No	ImPaCCT Foundation (Paediatric Foundation of Tata Memorial hospital)	CSR-00001287
5	Integrated Education Project for visually impaired children	Clause(ii) Promoting education	Yes	Maharashtra	Mumbai	9.90	No	National Association for the Blind	CSR-00003584
6	Project for upliftment of underprivileged children	Clause(ii) & (iii) Promoting education, reducing inequalities in socially & economically backward groups	No	West Bengal	Bankura	20.19	No	Rama-krishna Mission, Kolkata, West Bengal	CSR-00006101

DIRECTORS' REPORT

(₹ in Lakh)

Sr No	Name of the CSR Project	Item from the list of activities in project Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Amount spent for the Project (₹ In Lakh)	Mode of implementation Direct (Yes/No)	Mode of implementation- Through implementing agency	
				State	District			Name	CSR Regn. number
7	One Teacher School Project for tribal children	Clause(ii) Promoting education	Yes	Maharashtra	Thane	20.00	No	Friends of Tribals Society	CSR-00001898
8	Financial assistance for procurement of Surgical Operating Microscope used in the Ophthalmic department of Swami Sarvanand Hospital	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Thane	20.00	No	Sunder Shewak Sabha (Trust of Swami Sarvanand Hospital)	CSR-00005294
9	Cancer Cure Fund for medical treatment of cancer patients	Clause(i) Promoting health care including preventive health care	PAN India	PAN India		30.00	No	Indian Cancer Society	CSR-00000792
10	Indian Cancer Society's Arun Kurkure Intiation & Treatment Fund for initial diagnosis & screening of cancer in under-privileged patients	Clause(i) Promoting health care including preventive health care	PAN India	PAN India		5.00	No	Indian Cancer Society	CSR-00000792
11	Financial assistance for procurement of ND-YAG Laser Machine used in the Ophthalmic department of Sadguru Netra Chikitsalaya	Clause(i) Promoting health care including preventive health care	No	Madhya Pradesh	Chittrakoot	17.50	No	Shri Sadguru Seva Sangh Trust (Trust of Sadguru Netra)	CSR-00001860

DIRECTORS' REPORT

(₹ in Lakh)

Sr No	Name of the CSR Project	Item from the list of activities in project Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Amount spent for the Project (₹ In Lakh)	Mode of implementation Direct (Yes/No)	Mode of implementation- Through implementing agency	
				State	District			Name	CSR Regn. number
12	Project for medical treatment of Osteosarcoma cancer in poor patients	Clause(i) Promoting health care including preventive health care	No	Tamil Nadu	Adyar, Chennai	17.00	No	Cancer Institute (W.I.A)	CSR-00007235
13	Project for financial assistance on mid-meal program to children	Clause(i) Eradicating hunger, poverty & malnutrition	Yes	Maharashtra and Orissa	Nagpur and Puri	22.00	No	The Akshaya Patra Foundation	CSR-00000286
14	Project for patient care towards medical treatment of deserving poor patients	Clause(i) Promoting health care including preventive health care	PAN India	PAN India		3.33 [#]	No	Indian Cancer Society via HDFC Charity Fund for Cancer Cure*	NA
TOTAL						267.10			

* The Company has made investment in HDFC Cancer Cure Fund. As per the scheme, any dividend declared in the said scheme will be contributed directly to Indian Cancer Society and eligible towards Company's contribution for CSR commitment. The said scheme is a close ended scheme.

[#] Date of Declaration of dividend of the HDFC Cancer Cure Fund (₹ in lakhs)

May 6, 2020 ₹ 3.33

Total ₹ 3.33

- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Not applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 267.10 Lakh
- (g) Excess amount for set off, if any:

Sr. No.	Particular	Amount (₹ In Lakh)
(i)	Two percent of average net profit of the Company as per Section 135(5)	263.76
(ii)	Total amount spent for the financial year	267.10
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3.34
(iv)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3.34

DIRECTORS' REPORT

9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL
(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):
NOT APPLICABLE
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:
(a) Date of creation or acquisition of the capital asset(s) - NOT APPLICABLE
(b) Amount of CSR spent for creation or acquisition of capital asset - NIL
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - NOT APPLICABLE
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
- NOT APPLICABLE
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).- Not Applicable as the Company has spent the entire amount towards CSR that was required to be spent.

**On behalf of Corporate Social Responsibility
Committee & Board of Directors**

Pradeep Madhav
Director
DIN : 00267422
August 23, 2021
Mumbai

**On behalf of
STCI Primary Dealer Limited**

Prasanna Patankar
Managing Director
DIN : 07658714
August 23, 2021
Mumbai

DIRECTORS' REPORT

ANNEXURE III

RELATED PARTY TRANSACTION POLICY

This policy has been framed as required under Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016 issued by Reserve Bank of India, as updated from time to time. The Company is required to disclose the policy on dealing with Related Party Transactions on its website and in the Annual Report.

The Policy intends to provide a framework to identify related parties, approve, monitor, regulate and report transactions between the Company and its Related Parties based on the provisions of the Companies Act, 2013 and the rules framed there under (the Act), as amended from time to time.

Definitions

- (i) "Audit Committee" or "Committee" means Committee of Board of Directors of the Company constituted as per Section 177 of the Act
- (ii) "Board" means Board of Directors of the Company
- (iii) "Related Party Transaction" or "RPT" means the following transactions / contracts / arrangements with related parties as laid down under clause (a) to (g) sub-section (1) of section 188 of the Act:
 - (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property etc.
 - (f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (iv) "Material Related party Transactions" mean related party transaction / transactions to be entered into individually or which taken together with previous transactions during a financial year, exceed the prescribed monetary limit given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
- (v) "Related Party" means related party as defined under Section 2(76) of the Act as under;

Sec 2 (76) "Related Party" with reference to a Company, means -

 - (i) A director or his relative
 - (ii) Key Managerial Personnel or his/her relative
 - (iii) A firm, in which a director, manager or his relative is a partner
 - (iv) A private company in which a director or manager or his relatives is a member or director
 - (v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
 - (vi) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity.
 - (vii) Any other person on whose advice, directions or instructions a director or manager is accustomed to act
Provided that nothing in sub-clause (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - (viii) Any company which is:
 - A Holding, Subsidiary or an Associate company of such company or
 - A Subsidiary of a Holding company to which it is also a Subsidiary
 - (ix) such other person as may be prescribed, i.e. as under:-
 - A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party.

DIRECTORS' REPORT

- (vi) "Relative" means relative as defined under Section 2(77) of the Act as under;
Section 2(77) "relative", with reference to any person, means anyone who is related to another, if -
- (i) they are members of a Hindu Undivided Family;
 - (ii) they are husband and wife; or
 - (iii) one person is related to the other in such manner as may be prescribed; i.e. as under
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son's wife
 - (e) Daughter
 - (f) Daughter's husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)
- (vii) "Key Managerial Personnel" or "KMP" means key managerial personnel as defined under Section 2(51) of the Act as under:-
Section 2(51) "key managerial personnel", in relation to a Company, means-
- (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed
- In addition to the above mentioned KMP, all such person, if any, as identified and designated by the Company may also be treated as KMP for the purpose of this policy.
- (viii) "Associate Company" means as defined under Section 2(6) of the Act as under:-
Section 2(6) "Associate Company", in relation to another Company means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.
For the purposes of this clause, "significant influence" means control of at least twenty per cent of the total share capital, or of business decisions under an agreement.
"Total Share Capital", for the purposes of clause, means the aggregate of the -
- (a) paid-up equity share capital; and
 - (b) convertible preference share capital;
- (ix) "Arms length transactions" means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (x) "Ordinary Course of business" means all transactions or activities that are necessary, normal and incidental to the business of the Company as permitted by the Object Clause in the Memorandum of Association of the Company or transactions that are considered while computing the business income / revenue / turnover of the Company and shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial/agreed upon transactions.
- (xi) Office or place of profit means any office or place of profit:
- (i) where such office or place is held by a Director, if the Director holding it receives from the Company anything by way of remuneration, over and above the remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a Director or by any firm, Private Company or other Body Corporate, if the individual, firm, Private Company or Body Corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

DIRECTORS' REPORT

(xii) "Policy" means this Related Transaction Policy, as amended from time to time.

Words or expressions used but not defined herein and defined under the Companies Act, 1956 or Companies Act, 2013 or in the RBI Act shall have the same meaning as assigned to them in the respective act as the case may be.

Policy

All Transactions with Related Parties including any subsequent modifications there to must be reported to the Audit Committee and approved/noted/referred for approval by the Committee in pursuance of this policy, as per the provisions of the Companies Act, 2013 as amended from time to time.

Identification of Related Parties

Every Director and Key Managerial Personnel shall at the beginning of every financial year disclose to the Company Secretary (CS) their related parties under section 2(76) of the Act read with the rules framed there under, as amended from time to time and disclose any changes there to during the financial year as immediately as practicable. Based on the disclosures, the list of related parties shall be identified.

Identification of Related Party Transactions

In case of any proposed transaction or arrangement with a Related Party, the concerned team/department in the Company shall furnish to the CS, relevant details of the proposed transaction which shall include the name of the related party, nature of relationship, nature of contract, duration and particulars of the contract/arrangement/transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/agreement and other supporting documents. The Company shall, based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Approvals/process for related party transactions

The Company generally undertakes transactions with related parties, in its ordinary course of business and at arms' length basis and such transaction do not require prior approval under the Act. However such transactions would be placed for noting to the Audit Committee as well as the Board of Directors.

(i) Audit Committee review / approval

All related party transactions / arrangements or any modifications thereof, which are not in ordinary course of business and/or not on arms length basis, will be referred to the Audit Committee for review and approval with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/arrangement, pricing terms, whether on arms length and in the ordinary course of business and other relevant information. Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. The Audit Committee, on the recommendation of the Management, may approve the transactions with related parties in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

(ii) Board Approval

Related Party Transactions as defined under Section 188 of the Act which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, shall be placed before the Board for its approval. Where any director is interested in any transaction or contract or arrangement with a Related Party, such director shall abstain himself from discussion and voting on the approval of the related party transaction. The Board may approve all Related Party Transactions which are not at arm's length and / or which are not in the ordinary course of business in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

In addition to the above, contracts/ arrangements/ transactions which are in the ordinary course of business and at arms length and do not require approval of the Board under Section 188 of the Act may also be reviewed and noted by the Audit Committee and the Board of Directors.

DIRECTORS' REPORT

(iii) Approval of the Shareholders

The following Material Related party transactions which exceed the monetary limit prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (given below) and which are either not on arms length and/or are not in the ordinary course of business, shall on recommendation of the Board be placed before the shareholders for its prior approval in accordance with the provisions of the Act and the Related Parties shall abstain from voting on such resolutions:

Sr. No.	Prescribed Related Party Transaction	Monetary limit
1	Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding ten percent of the annual turnover of the Company
2	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	Exceeding ten percent of net worth of the Company
3	Leasing of property of any kind	Exceeding ten percent of the net worth or exceeding ten percent of turnover of the Company
4	Availing or rendering of any services directly or through appointment of agents	Exceeding ten percent of annual turnover of the Company
5	Appointment to any office or place of profit in the company, its subsidiary company or associate Company	Monthly remuneration exceeding two and half lakh rupees
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	Exceeding one percent of the net worth

Explanation:

Turnover or Net worth shall be computed based on the last Audited Balance Sheet of the Company.

Summary of Approval process

Sr. No.	Particulars / Criteria	Audit Committee Approval	Board Approval	Shareholders' Approval
(i)	Transaction in the Ordinary Course of Business AND at arm's length basis	Quarterly Noting at Meeting*	Quarterly Noting at Meeting*	X
(ii)	Transaction within the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	✓ (prior approval)	✓ (prior approval)	X
(iii)	Transaction exceeding the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	✓ (prior approval)	✓ (prior approval)	✓ (prior approval)

* usually identified transaction for which omnibus approval for related party transactions is taken as well as other transactions which are in the ordinary course of business and at arm's length basis.

Related party Transactions not requiring approval of Audit Committee/Board etc

Notwithstanding the foregoing, Related Party Transactions involving the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company including salary, reimbursement of business and travel expenses, halting allowance, entertainment expenses etc. incurred in the ordinary course of business, will not require the approval of the Audit Committee/Board/shareholders.

Related party Transactions not approved under this Policy

Where any contract or arrangement not in ordinary course of business and/or not on arms length basis is entered into by a Director or any other employee without obtaining the approval of Board or approval of Shareholders by a resolution in the general meeting under Section 188(1) of the Act, it shall be put up for ratification by the Board or by the shareholders at a meeting within three (3) months from the date on which such contract or arrangement was entered into. In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three (3) months as stated

DIRECTORS' REPORT

above, the matter shall be reviewed by the Board. The Board shall consider all of the relevant facts and circumstances of such Transaction/ arrangement and evaluate all options available to the Company, including ratification by the Board or shareholders, revision or termination of such transaction/arrangement and take any such action as it may deem appropriate.

Disclosures

The particulars of contracts or arrangement with Related Parties referred to in section 188 shall be disclosed in the Board's report for each financial year in the prescribed format. The Company shall disclose this Policy on its website and also in its annual report.

Register of Contracts/Arrangements in which Directors are interested

The Company shall maintain a Register of Contracts with Related Parties in accordance with the requirements of Section 189 of the Act to record particulars of all contracts /arrangements to which Section 184(2) and Section 188 of the Act applies and place such register before the next meeting of the Board and obtain signatures of all Directors present at that meeting. The said register shall be authenticated by the Company Secretary or such other person as may be authorized by the Board and shall be preserved permanently. Such Register of Contracts shall be kept at the registered office of the Company or at such other place as the members of the Company may decide, and shall be open for inspection during business hours, except on Saturday. A member of the Company shall be entitled to get the extracts of the said register, within 7 days of the date of the request and upon payment of such fees as may be specified.

Related Party Transactions as per IND-AS- 24

The Company shall report details of related party transactions as per Ind AS 24, on quarterly basis, to the Audit Committee and the Board of Directors. The Company shall report and disclose of such related parties and transaction with related parties in its Financials Statement.

Applicability

In the event of any provisions contained in this Policy are in consistent with the provisions contained in Companies Act, 2013 or RBI regulations or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Audit Committee and/ or due to any regulatory requirement/amendment can amend this Policy, as and when deemed fit.

SECRETARIAL AUDITORS' REPORT



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
STCI PRIMARY DEALER LIMITED
A/B1 - 801 (A-WING), 8TH FLOOR,
MARATHON INNOVA,
MARATHON NEXTGEN COMPOUND,
LOWER PAREL, MUMBAI - 400 013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **STCI PRIMARY DEALER LIMITED** having **CIN U67110MH2006PLC165306** (hereinafter called the 'Company') for the financial year ended on 31st March 2021 (the "audit period").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our verification of the Company's books, papers, minutes books, soft copy of various records sent over mail, forms and returns filed, and other records maintained by the Company;
- (ii) Our observations pursuant to visit to Registered office of the Company;
- (iii) Compliance certificates confirming compliance with all laws applicable to the Company given by the Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by the Audit Committee / Board of Directors; and
- (iv) Representations made, documents shown and information provided by the Company, its officers, agents and authorized representatives during our conduct of Secretarial Audit

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2021, the Company has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanism in place

to the extent, in the manner and subject to the reporting made hereinafter.

SECRETARIAL AUDITORS' REPORT

The members are requested to read this report along with our letter of even date annexed to this report as **Annexure-A** and **Annexure-B**.

1. Compliance with specific statutory provisions

We further report that:

- 1.1. We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company during the year according to the applicable provisions / clauses of:
 - (i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder,
 - (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder,
 - (iii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; and
 - (iv) Secretarial Standards issued by the Institute of Company Secretaries of India (Secretarial Standards).
- 1.2 During the period under review:
 - (i) The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Secretarial Standards as mentioned above.
 - (ii) Generally complied with the applicable provisions / clauses of:
 - (a) The Act and Rules mentioned under paragraph 1.1 (i)
 - (b) The Secretarial Standards on meetings of Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (iv) above to the extent applicable to meetings of the Board & its Committee held during the year and the 14th Annual General Meeting held on 18th September 2020. The compliance of the provisions of the Rules made under the Act with regard to the Board meetings and Committee meetings held through video conferencing were verified based on the minutes of the meeting provided by the Company.

Due to COVID-19 pandemic and unprecedented lockdown, the meetings of the Board of Directors, its committees and the General meetings were convened and conducted as per the relaxations/guidelines provided by the Ministry of Corporate Affairs through various circulars.

- 1.3 We were informed and have verified that, during / in respect of the year, the Company was not required to initiate any compliance related action in respect of the following laws / rules / regulations / standards and was consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns thereunder:
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (vii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
 - (viii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (ix) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - (x) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

SECRETARIAL AUDITORS' REPORT

- 1.4 We have also examined, on test-check basis, the relevant documents and records maintained by the Company with respect to the following:-
- Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016,
 - Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016; and
 - RBI Directions, Guidelines, Operating guidelines, Notifications and Circulars, as applicable to Systemically Important Non-Deposit Taking NBFC and Standalone Primary Dealers from time to time.

2. Board processes:

We further report that:

- 2.1 The Board of Directors of the Company as on 31st March 2021 comprised of:
- A Managing Director,
 - Two Non-Executive Non Independent Directors; and
 - Three Non-Executive Independent Directors.
- 2.2 The processes relating to the following changes in the composition of the Board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act :
- Mr. Kalpesh Mody was designated as the Chief Financial Officer from 1st April 2020 in addition to his existing designation as Company Secretary of the Company.
 - Re-appointment of Mr. Vivek Wahi (DIN:- 07490023) as a director retiring by rotation at the 14th Annual General Meeting held on 18th September 2020. However, the Company has received resignation letter dated 30th March 2021 from Mr. Vivek Wahi tendering his resignation with immediate effect.
- 2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meeting.
- 2.4 Notice of the Board meetings was sent to the directors at least seven days in advance as required under Section 173 (3) of the Act and SS-1.
- 2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings.
- 2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1
- Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement / results, unaudited financial results and connected papers; and
 - Additional subjects/ information/ presentations and supplementary notes
- 2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- 2.8 We note from the minutes verified that, at the Board meetings held during the year:
- Majority decisions were carried through; and
 - No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recoded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes in the Company, commensurate with the size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

SECRETARIAL AUDITORS' REPORT

4. Specific events/ actions

- a) With the consent of the members at the 14th AGM held on 18th September 2020, there was increase in the overall borrowing limits of the Company from ₹ 10,000 Crore to ₹ 15,000 Crore.
- b) The Board of Directors of the Company in their meeting held on 27th May 2020 passed the resolution to declare and pay a Third Interim Dividend for FY 2019-20 at a rate of 22% on the face value of the shares of the Company i.e. ₹ 2.20 per share on 15,00,00,000 outstanding equity shares of face value of ₹ 10/- each aggregating to ₹ 33,00,00,000/- (Rupees Thirty Three Crore Only) subject to the applicable Tax Deduction at Source (TDS).
- c) The Board of Directors of the Company in their meeting held on 15th January 2021 passed the resolution to declare and pay an Interim Dividend for the FY 2020-21 at a rate of 62% on the face value of the shares of the Company i.e. ₹ 6.20 (Rupees Six and Twenty paise Only) per share on 15,00,00,000 outstanding equity shares of face value of ₹ 10/- each aggregating to ₹ 93,00,00,000/- (Rupees Ninety Three Crore Only) subject to the applicable Tax Deduction at Source (TDS).
- d) The Company had invested in Commercial Paper (CP) issued by Infrastructure Leasing & Financial Services Ltd. (IL&FS) aggregating to a total of FV of ₹ 100 Crores. The maturity of the said Commercial paper was on 17th September 2018 and 5th March 2019 of FV ₹ 50 crore respectively. IL&FS has defaulted on commercial papers invested by the Company. Owing to the default, the Board of Directors and Management had written-off the investments in the financial statements for FY 2018-19. The company had submitted a claim for the said amount. During the previous year, out of the total claim of ₹ 100 Crores, ₹ 98.47 Crores was admitted before the Hon'ble National Company Law Tribunal (NCLT)/National Company Law Appellate Tribunal (NCLAT) as the cut-off date considered for claim was 15th October 2018. However, as on the end of the year, the matter is sub-judice and pending with NCLT/NCLAT.

For **BNP & ASSOCIATES**
Company Secretaries
[FIRM REGN. NO. P2014MH037400]

AVINASH BAGUL

Partner

FCS No. 5578

COP No. : 19862

UDIN: F005578C000256653

PR No.:-637 / 2019

Place : Mumbai
Date : May 7, 2021

SECRETARIAL AUDITORS' REPORT

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

To,
The Members of,
STCI PRIMARY DEALER LIMITED

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have considered compliance related actions taken by the company based on independent legal / professional opinion obtained as being in compliance with law.
4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
7. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & ASSOCIATES**
Company Secretaries
[FIRM REGN. NO. P2014MH037400]

AVINASH BAGUL
Partner
FCS No. 5578
COP No. : 19862
UDIN: F005578C000256653
PR No.:-637 / 2019

Place : Mumbai
Date : May 7, 2021

SECRETARIAL AUDITORS' REPORT

ANNEXURE B TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

To,
The Members of,
 STCI PRIMARY DEALER LIMITED

The following documents were verified, on test check basis, during the course of audit:-

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial Year ended March 31, 2020.
3. Minutes of the meetings of the Independent Directors Meeting, Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Committee and Corporate Social Responsibility Committee held during the financial year under review, along with the Attendance Registers;
4. Internal Compliance Checklist of the Company.
5. Quarterly Internal and Concurrent Audit Reports.
6. RBI Inspection Report.
7. Minutes of General Body Meeting held during the financial year under review;
8. Statutory Registers viz.
 - Register of Directors & KMP & Directors Shareholding
 - Register of loans, guarantees and security and acquisition made by the Company- Not applicable during the period under review
 - Register of Charge - Not applicable
 - Register of Related Party Transaction- Transactions are in the Ordinary Course of Business at Arm's Length Basis.
 - Register of Members;
9. Agenda papers submitted to all the Directors/ Members for the Board and Committee Meetings;
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
11. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956, if any and Companies Act, 2013, as amended from time to time along with the attachments thereof, during the financial year under review.

For **BNP & ASSOCIATES**
 Company Secretaries
 [FIRM REGN. NO. P2014MH037400]

AVINASH BAGUL

Partner

FCS No. 5578

COP No. : 19862

UDIN: F005578C000256653

PR No.:-637 / 2019

Place : Mumbai
 Date : May 7, 2021

AUDITORS' REPORT

DASSANI & ASSOCIATES
Chartered Accountants

1-B, SAGAR MATHA APART.
18/7, M.G. Road, Indore - 452 001
Ph. 0731-4078559, 4020801

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
STCI Primary Dealer Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of **STCI PRIMARY DEALER LIMITED** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under sub section 10 of section 143 of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTERS

Without qualifying our opinion, we bring to your attention the following facts relating to audit of the Company in this regard: Due to the outbreak of COVID-19 pandemic, the consequent lockdown and travel restrictions imposed by the Government/local administration we could have limited visit and carry out the audit processes physically at the company premises. The entire audit has been carried out based on alternative audit procedures as per SAs prescribed by the ICAI. As a part of alternative audit procedure, we have applied the following alternate audit procedures on the records/documents that were made available to us through email and remote secure network of the Company. Further we have conducted our audit through:

- a) Verification of scanned copies of necessary records/ documents deeds, certificates and the related records made available electronically through email or remote secure network of the Company; and
- b) Making enquiries and gathering necessary audit evidence through video conferencing, dialogues and discussions over phone, emails and similar communication channels.

It has been represented by the management that the data and information provided electronically for the purpose of our audit are correct, complete, reliable and are directly generated from the accounting system of the company, without any further manual modifications so as to maintain its integrity, authenticity, readability and completeness. In addition, based on our review of the various internal audit reports / inspection reports / reports issued by the concurrent audit of the Company for the year under audit and other reports of the company relating to the previous year, nothing has come to our knowledge that make us believe that such alternate audit procedure would not be adequate.

AUDITORS' REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p>Information Technology (IT) IT systems and controls</p> <p>The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could impact the financial accounting and reporting significantly. The Company uses SAP system for its overall financial reporting.</p> <p>The Company's General Ledger system used in financial reporting is interfaced with other IT systems which process transactions of account relevant for financial reporting.</p>	<p>Our audit procedures to assess the IT systems and controls included the following:</p> <ul style="list-style-type: none"> • Understanding IT application controls for the audit period for significant accounts, testing interfaces, reports, reconciliations and system processing for significant accounts determined by us during our risk assessment. We tested the controls to determine that these controls remained unchanged during the audit period and in case of changes, were the changes followed the standard change management process. • Understanding IT infrastructure records for the in-scope systems i.e., operating systems and databases. Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing. • Assessed and tested, the Company's IT systems and controls including IT infrastructure, which is duly supported by the opinion of Internal Auditors of the company, IFC auditors of the company and IT & IS Auditors of the company.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Overview, Board's Report including Annexures to Board's Report, and Shareholder's Information but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' REPORT

In preparing the standalone financial statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under sub-section (3)(i) of section 143 of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls over financial reporting with reference to these standalone financial statements of the Company in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) In pursuance to the Notification No. G.S.R. 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section 2 of section 164 of the Act pertaining to disqualification of directors not applicable to the Government Company. As informed to us by the Company the Board of Directors has taken on record written representations received from the directors as on March 31, 2021. As per written representation received, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of the sub-section 16 of Section 197 of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 42 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 27 to the standalone financial statements; and
 - iii. As at March 31, 2021 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by sub-section (5) of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of STCI Primary Dealer Limited, we give a report in the attached Annexure "C".

For **DASSANI & ASSOCIATES,**
Chartered Accountants
 Firm Reg. No. - 009096C

CA. Aayush Mandhanya
(Partner)
 Membership No.: 435709

Place : Indore

Date : May 7, 2021

UDIN: 21435709AAAAAE4246

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular schedule of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 10 to the standalone financial statements, are held in the name of the Company.
- (ii) The Company's inventory comprising of Treasury bills and Dated Government Securities are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified with the confirmation certificate received from the Reserve Bank of India. The stock of other securities is held by the Company in de-materialized form with Axis Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the frequency of such verification is reasonable and as explained to us, the Company is maintaining proper records of securities held as stock-in-trade and no material discrepancies were noticed on such verification as compared to the book records.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable to the Company. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence, reporting under paragraph 3(v) of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, except stamp duty on transactions of Non-Government securities (Refer Note 27), the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, except stamp duty on Non-Government securities aggregating to ₹ 357.80 lakhs is outstanding for more than six months as on March 31, 2021. (Refer Note 27 of the standalone financial statements).
- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to the banks and the financial institutions. The Company has not taken any loans from government or by way of issue of debentures.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

- (x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no material fraud by the Company and on the Company by its officer or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the note no. 30 to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment/private placement of shares or fully or partly convertible debentures during the year.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is a NBFI/NBFC already registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration certificate has been obtained.

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Reg. No. - 009096C

CA. Aayush Mandhanya
(Partner)
Membership No.: 435709

Place : Indore

Date : May 7, 2021

UDIN: 21435709AAAAAE4246

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

We have audited the internal financial controls over financial reporting of STCI Primary Dealer Limited (hereinafter referred to as "the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Management and Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section 10 of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of STCI Primary Dealer Limited for the year 2020-21 issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013.

Sr. No.	Area Examined	Observations / Findings
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system of processing of accounting transactions partially through system with human intervention and partially by direct feeding manually. Various calculations in accordance with the requirements of Ind AS such as Amortized cost using effective interest rate, calculation of lease liability etc. needs to be processed through IT System, any manual intervention can lead to passing of wrong entries in the system and would directly affect the financial statements. Presently, said working have been maintained manually and verified by us.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, lender is a Government company, then its direction is also applicable for statutory auditor of lender company).	There is no case of restructuring / waiver/ write off of debts / loans / interest reported by the management and / or observed during our audit of the year.
3.	Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for / utilized as per its terms and condition? List the cases of deviations.	There is no case of funds i.e., grants, subsidy etc. received / receivable for specific schemes from Central / State Government or its agencies reported by the management and / or observed during our audit of the year.
4.	RBI provided a window (vide circular dated 6 August 2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19, as per which existing loans can be restructured without downgrading the asset classification. Are there any cases of restructuring involving the new provision and if so, are they in compliance with the RBI Circular?	The company is registered as NBFI/NBFC but does not have exposure to loans(assets). Hence there are no existing loans can be restructured without downgrading the asset classification and the RBI circular on the same is not applicable to the company.

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Reg. No. - 009096C

CA. Aayush Mandhanya
(Partner)
Membership No.: 435709

Place : Indore

Date : May 7, 2021

UDIN: 21435709AAAAAE4246

AUDITORS' CERTIFICATE FOR NBFC

DASSANI & ASSOCIATES

Chartered Accountants

1-B, SAGAR MATHA APART.
18/7, M.G. Road, Indore - 452 001
Ph. 0731-4078559, 4020801

INDEPENDENT AUDITORS' REPORT

To,
**The Board of Directors of
STCI Primary Dealer Limited**

Pursuant to the paragraphs 3 (A) and (C) of the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("the Directions") issued by the Reserve Bank of India (RBI), we have examined the matters specified in the directions in respect of STCI Primary Dealer Limited (hereinafter referred to as "the Company"), for the year ended March 31, 2021.

MANAGEMENT'S RESPONSIBILITY

The Management is responsible for the design and implementation of internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis. The Management is also responsible for ensuring that the Company complies with the requirements of the Directions and for providing all relevant information to RBI.

AUDITOR'S RESPONSIBILITY

Pursuant to the requirements of the directions it is our responsibility to examine the books and other records of the Company and report on the matters as prescribed by the RBI.

We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

CONCLUSION

Based on our examination of the books and records of the Company as produced for our examination, and the information and explanations given to us, we further report that:

- 1 (a) The Company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration No. 13.01865 dated 23.05.2007, as provided in Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company is entitled to continue to hold Certificate of Registration in terms of its asset/income pattern as on March 31, 2021.
- (c) The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- 2 (a) The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
- (b) The Company has not accepted any public deposits during the relevant year.
- (c) The Company has complied with the prudential norms relating to income recognition, Indian accounting standards (IND AS), asset classification and provisioning for bad and doubtful debts as applicable to it.
- (d) The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India in Form DNBS-03, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Reserve Bank of India.

AUDITORS' CERTIFICATE FOR NBFC

- (e) The Annual Statement of Capital Funds, risk assets / exposures and risk asset ratio in form DNBS-03 has been submitted within the stipulated period.
- (f) The Company is not NBFC Micro Finance Institutions (MFI) as defined in the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Reg. No. - 009096C

CA. Aayush Mandhanya
(Partner)
Membership No.: 435709

Place : Indore

Date : May 24, 2021

UDIN: **21435709AAAAAK9051**

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF STCI PRIMARY DEALER LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of Financial Statements of STCI Primary Dealer Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 07 May 2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statement of STCI Primary Dealer Limited for the year ended 31 March 2021 under section 143(6)(a) of the Act.

For and on the behalf of the
Comptroller and Auditor General of India
sd/-
(P. V. Hari Krishna)
Principal Director of Audit (Shipping)
Mumbai

Place : Mumbai
Date : July 12, 2021

BALANCE SHEET AS AT MARCH 31, 2021

		(₹ in Lakh)	
	NOTE NO.	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
ASSETS			
1. Financial Assets			
(a) Cash & cash equivalents	4	48.77	62.78
(b) Bank balances other than (a) above	5	22.11	322.06
(c) Derivative financial instruments	6	44,863.24	71,759.19
(d) Receivables			
(i) Trade Receivables		-	-
(ii) Other Receivables	7	244.91	-
(e) Investments	8	11,39,822.55	8,16,344.09
(f) Other financial assets	9	1,665.40	2,017.50
2. Non-financial Assets			
(a) Current tax assets(net)	9A	105.28	-
(b) Deferred tax asset (net)	9B	64.18	-
(c) Property, plant and equipment	10	1,523.84	1,553.91
(d) Right of Use Asset	10	102.46	122.40
(e) Intangible assets under development	10	0.64	-
(f) Other intangible assets	10	9.36	0.23
(g) Other non-financial assets	11	207.94	143.21
TOTAL ASSETS		11,88,680.68	8,92,325.37

LIABILITIES AND EQUITY

Liabilities

1. Financial Liabilities

(a) Derivative financial instruments	6	44,695.76	70,905.86
(b) Payables			
(i) Trade Payables	12		
total outstanding dues of micro enterprises and small enterprises		2.92	-
total outstanding dues of creditors other than micro enterprises and small enterprises		53.69	120.78
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		38.25	53.00
(c) Borrowings (other than debt securities)	13	10,50,298.35	7,53,065.28
(d) Deposits	14	18,772.90	2,931.21
(e) Lease Liability	15	89.08	113.40

BALANCE SHEET AS AT MARCH 31, 2021

	NOTE NO.	AS AT MARCH 31, 2021	(₹ in Lakh) AS AT MARCH 31, 2020
2. Non-Financial Liabilities			
(a) Current tax liabilities (net)	9A	-	477.15
(b) Provisions	16	1,449.51	1,194.52
(c) Deferred tax liabilities(net)	9B	-	385.88
(d) Other non-financial liabilities	17	118.00	44.74
3. Equity			
(a) Equity share capital	18	15,000.00	15,000.00
(b) Other equity	19	58,162.22	48,033.56
TOTAL LIABILITIES AND EQUITY		11,88,680.68	8,92,325.37
Basis of Preparation and measurement	2		
Significant accounting policies	3		

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No. 435709

Place : Indore

Dated: May 7, 2021

For and on behalf of the Board of Directors

G. NARAYANAN

Director

DIN : 00210831

R. VENKATARAMANI

Director

DIN : 00829107

T.V. RAO

Director

DIN : 05273533

Place : Bengaluru

PRADEEP MADHAV

Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021

		(₹ in Lakh)	
	NOTE NO.	For the year ended March 31, 2021	For the year ended March 31, 2020
REVENUE FROM OPERATIONS			
(i) Interest income	20	44,922.48	58,338.62
(ii) Dividend income		3.70	29.05
(iii) Fees and commission income		617.35	183.48
(iv) Trading Profit/(Loss) on investments	21	17,342.55	17,805.58
(v) Net gain on fair value changes	22	(1,418.40)	1,626.24
(vi) Reclassification adjustment (Net gain on derecognition of financial instruments under FVOCI)		762.32	44.77
(I) Total revenue from operations		62,230.00	78,027.74
(II) Other income	23	798.16	2.17
(III) Total income (I+II)		63,028.16	78,029.91
EXPENSES			
(i) Finance costs	24	29,375.28	45,352.72
(ii) Transaction and settlement charges		489.59	1,080.95
(iii) Employee benefits expenses	25	1,512.83	1,498.14
(iv) Depreciation, amortization and impairment	10	93.41	108.68
(v) Other expenses	26	752.68	848.60
(IV) Total expenses		32,223.79	48,889.09
(V) Profit/(loss) before exceptional items and tax (III-IV)		30,804.37	29,140.82
(VI) Exceptional items		-	-
(VII) Profit/(loss) before tax (V-VI)		30,804.37	29,140.82
(VIII) Tax expense:			
Current Tax		8,377.90	7,725.55
Deferred Tax		(412.84)	(1,180.58)
MAT Credit		-	-
Total tax expenses		7,965.06	6,544.97
(IX) Profit / (loss) for the year from continuing operations(VII-VIII)		22,839.31	22,595.85
(X) Profit/(loss) from discontinued operations		-	-
(XI) Tax Expense of discontinued operations		-	-
(XII) Profit/(loss) from discontinued operations(After tax) (X-XI)		-	-
(XIII) Profit/(loss) for the year		22,839.31	22,595.85

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021

	NOTE NO.	For the year ended March 31, 2021	(₹ in Lakh) For the year ended March 31, 2020
(XIV) Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(3.07)	(6.57)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		0.77	1.65
Subtotal (A)		(2.30)	(4.92)
(i) Items that will be reclassified to profit or loss		617.52	2,542.63
(ii) Income Tax relating to items that will be reclassified to profit or loss		36.45	(856.79)
(iii) Reclassification adjustment		(762.32)	(44.77)
Subtotal (B)		(108.35)	1,641.07
Other Comprehensive Income (A + B)		(110.65)	1,636.15
(XV) Total Comprehensive Income for the year		22,728.66	24,232.00
(XVI) Earnings per equity share (for continuing operations)			
Basic (₹)		15.23	15.06
Diluted (₹)		15.23	15.06
Basis of Preparation and measurement	2		
Significant accounting policies	3		

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No. 435709

Place : Indore

Dated: May 7, 2021

For and on behalf of the Board of Directors

G. NARAYANAN

Director

DIN : 00210831

R. VENKATARAMANI

Director

DIN : 00829107

T.V. RAO

Director

DIN : 05273533

Place : Bengaluru

PRADEEP MADHAV

Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A Cash flow from operating activities		
Net profit before taxation	30,804.37	29,140.82
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	93.41	108.68
Interest on Borrowings	29,375.28	45,352.72
Net gain/(loss) on FVOCI debt securities	(144.80)	2,497.86
Other adjustment in FVOCI	(3.07)	(6.57)
Unrealised (gain)/loss on investment held for trading	1,418.40	(1,626.24)
Interest income in respect of investing activity	(290.58)	(2,517.48)
Financial Instrument/ MAT credit written off	-	-
Dividend received	(3.70)	(29.05)
Interest expense on Income Tax	-	-
Derivatives	-	-
Operating Profit before working capital changes	61,249.31	72,920.74
Changes in Working Capital:		
(Increase)/ Decrease in Receivable	(244.91)	17.56
(Increase)/ Decrease in Loans	-	1,500.00
(Increase)/ Decrease in Investments at fair value through profit and loss (Trading portfolio)	(3,60,681.65)	1,08,232.63
(Increase)/ Decrease in Derivatives	685.85	(217.00)
(Increase)/ Decrease in Other financial assets	352.10	(544.25)
(Increase)/ Decrease in Other non-financial assets	(90.71)	(105.26)
Increase/ (Decrease) in Payable	(78.93)	2.77
Increase/ (Decrease) in Lease Liability	8.53	81.92
Increase/ (Decrease) in Provisions	254.99	527.27
Increase/ (Decrease) in Other non-financial liabilities	73.26	2.96
Cash flow from/(used in) operating activities	(3,59,721.47)	1,09,498.60
Less: Taxes Paid	(8,960.31)	(7,140.68)
Net Cash flow from/(used in) Operating Activities	(3,07,432.48)	1,75,278.66
B Investing Activities		
Sales of FVOCI debt instrument	35,784.79	8,624.82
Purchase of fixed assets	(46.48)	(9.90)
Cost incurred for Intangible assets under development	(0.64)	-
Investment in Right of use asset	19.94	(122.00)
Dividend received	3.70	29.05
Fixed deposit with banks having original maturity over three months	(0.05)	0.15
Realisation of Margin money from bank	300.00	500.00
Interest received on FVOCI debt securities	290.58	2,517.48
Net Cash flow from/(used in) Investing Activities	36,351.84	11,539.18

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
C Financing Activities		
Interest paid on borrowings	(29,375.28)	(45,352.72)
Payment of dividend	(12,600.00)	(10,126.68)
Borrowings Taken / (Repayment)	2,97,233.07	(1,16,027.16)
Deposit Taken / (Repayment)	15,841.69	(15,346.90)
Payment of Lease liability	(32.85)	(35.73)
Net Cash Flow from Financing Activities	2,71,066.63	(1,86,889.19)
Net increase/(decrease) in cash & cash equivalent (A+B+C)	(14.01)	(71.35)
Cash & cash equivalent as at beginning of the year	62.78	134.13
Cash & cash equivalent as at end of the year	48.77	62.78
Net change in cash and cash equivalents	(14.01)	(71.35)
Operational cash flows from interest and dividends		
Interest paid	29,206.32	45,184.00
Interest received	44,922.48	58,338.62
Dividend received	3.70	29.05

Note:

- (i) Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.
- (ii) Refer note 29 for Change in liabilities arising from financing activities.

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No. 435709

Place : Indore

Dated: May 7, 2021

For and on behalf of the Board of Directors

G. NARAYANAN

Director

DIN : 00210831

R. VENKATARAMANI

Director

DIN : 00829107

T.V. RAO

Director

DIN : 05273533

Place : Bengaluru

PRADEEP MADHAV

Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital
(1) FY 2020-21 (₹ in Lakh)

Balance as at April 01, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2020	Changes in Equity Share Capital during the current year	Balance as at March 31, 2021
15000.00	-	15000.00	-	15,000.00

(2) FY 2019-20 (₹ in Lakh)

Balance as at April 01, 2019	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2019	Changes in Equity Share Capital during the current year	Balance as at March 31, 2020
15000.00	-	15000.00	-	15,000.00

B. Other Equity
(1) FY 2020-21 (₹ in Lakh)

Particulars	Reserves & Surplus					Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income (Employee Benefit)	Total
	Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve	Retained Earnings			
Balance as at April 01, 2020	5,000.00	15,534.42	2,126.63	105.94	25,169.57	108.35	(11.35)	48,033.56
Total Comprehensive Income for the year	-	-	-	-	22,839.31	(108.35)	(2.30)	22,728.66
Dividend	-	-	-	-	(12,600.00)	-	-	(12,600.00)
Dividend Distribution Tax	-	-	-	-	-	-	-	-
Transfer to/from retained earnings	-	4,545.73	-	-	(4,545.73)	-	-	-
Balance as at March 31, 2021	5,000.00	20,080.15	2,126.63	105.94	30,863.15	-	(13.65)	58,162.22

(2) FY 2019-20 (₹ in Lakh)

Particulars	Reserves & Surplus					Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income (Employee Benefit)	Total
	Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve	Retained Earnings			
Balance as at April 01, 2019	5,000.00	10,688.02	2,126.63	105.94	17,546.79	(1,532.72)	(6.43)	33,928.23
Total Comprehensive Income for the year	-	-	-	-	22,595.86	1,641.07	(4.92)	24,232.01
Dividend	-	-	-	-	(8,400.00)	-	-	(8,400.00)
Dividend Distribution Tax	-	-	-	-	(1,726.68)	-	-	(1,726.68)
Transfer to/from retained earnings	-	4,846.40	-	-	(4,846.40)	-	-	-
Balance as at March 31, 2020	5,000.00	15,534.42	2,126.63	105.94	25,169.57	108.35	(11.35)	48,033.56

The accompanying notes are an integral part of financial statements

In terms of our report of even date
FOR DASSANI & ASSOCIATES
 Chartered Accountants
 Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner
 Membership No. 435709

Place : Indore
 Dated: May 7, 2021

For and on behalf of the Board of Directors

G. NARAYANAN
R. VENKATARAMANI
T.V. RAO

Place : Bengaluru

PRADEEP MADHAV
PRASANNA PATANKAR

KALPESH MODY

Place : Mumbai

Director DIN : 00210831
Director DIN : 00829107
Director DIN : 05273533

Director DIN : 00267422
Managing Director DIN : 07658714

Company Secretary & Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. Corporate Information

STCI Primary Dealer Ltd. ('the Company') is a Public limited company domiciled in India with its registered office at A/B1, 801, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K Marg, Lower Parel (w) Mumbai - 400013. The company was incorporated under the provisions of the Companies Act, 1956 (as amended by the Companies Act, 2013) on October 31, 2006; vide CIN U67110MH2006PLC165306 issued by the Registrar of Companies Maharashtra, Mumbai. The Legal Entity identifier no is 335800QJFFJDBRUV9222. The Company is registered as a Non-Banking Financial Company and a Standalone Primary Dealer (PD) with Reserve Bank of India.

The Company is a wholly owned subsidiary of STCI Finance Limited and core activities of the Company comprises of underwriting, bidding, market making and trading in Government Securities, Treasury Bills and other fixed income securities. Apart from the above, the Company is an active participant in the money market. The Company plays an active role in all segments of the debt market i.e. in both the SLR and non-SLR segments and in the interest rate derivatives market. The Company runs a proprietary portfolio comprising of Government of India (GOI) dated securities (including Floating Rate Bonds, Inflation Indexed Bonds, etc.), GOI Special Bonds, State Development Loans, Treasury Bills, Corporate Bonds, Commercial Papers, Certificates of Deposits, etc. The Company also trades on proprietary account in equity instruments in both the cash & F&O segments and to a limited extent in the currency futures market.

2. Basis of Preparation and measurement

2.1 Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time, Reserve Bank of India directions to Non-Banking Finance Companies (NBFCs) and as applicable to Primary Dealers; and Division III to Schedule III of the Act as per the Ministry of Corporate Affairs notification dated October 11, 2018. The accounting policies are applied consistently to all the periods presented in the financial statements.

2.2. Functional and presentation currency

The Company's presentation and functional currency is Indian Rupee (INR). All figures appearing in the financial statements are rounded off to two decimal places and have been presented in Lakhs, except per share amount and unless otherwise indicated.

2.3. Basis of measurement

The Financial Statements have been prepared under historical cost convention on an accrual basis except for the following material items which have been measured at fair value as required by relevant Ind AS:

Items	Measurement Basis
Investments classified as fair value through profit or loss	Fair value
Investments classified as fair value through OCI	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

2.4. Use of judgment and Estimates

The preparation of the Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities and the accompanying disclosures along with contingent liabilities as on the date of financial statements and revenue & expenses for the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise i.e. prospectively. Estimates and underlying assumptions are reviewed on an on-going basis based on the most recently available information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes.

- Fair value Measurement of Financial Instruments
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Recognition of deferred tax assets/liabilities;
- Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.5. Fair value measurement

The Company measures financial instruments, such as investments and derivatives at fair values on each reporting date. 'Fair value' is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities. The Company measures the fair value of an instrument using the quoted price in an active market for that instrument, if the same is available. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would take into account in pricing a transaction.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified

The fair value of financial assets which are measured at FVOCI or FVTPL is determined as under:

CATEGORY	Quoted/ Unquoted	Valuation Method
Central Government Securities	Quoted	FIMMDA valuation
State Government Securities	Quoted	FIMMDA valuation
Corporate bonds/debentures	Quoted	FIMMDA valuation
Equity shares	Quoted	Stock Exchange
Units of Mutual Fund	Quoted	Stock Exchange
Units of Mutual Fund	Unquoted	At latest repurchase price/NAV declared by the Fund
Derivative equity Instruments	Quoted	Stock Exchange
Derivative Debt Instruments	Quoted	FIMMDA Valuation

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3. Significant Accounting Policies

3.1. Presentation and disclosure of financial statements

All Assets and liabilities are presented in order of liquidity of line items on the face of financial statements.

3.2. Property, Plant and Equipment

i. Recognition and measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an asset comprises its purchase price and any costs (including non-refundable taxes) directly attributable to bringing the asset into the location and condition for its intended use, including relevant borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The residual values and useful lives of Property, Plant and Equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

ii. Subsequent Measurement

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

iii. Depreciation and amortisation

Depreciation on property, plant and equipment and amortization of intangible assets is recognised based on the remaining useful life at the end of the year as estimated by the management which are in line with the useful lives indicated in Schedule II to the Companies Act, 2013.

Land is not depreciated. However, where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, based on the estimated useful life of the buildings.

Amortisation is recognized on a straight-line basis over the estimated useful lives of all the intangible assets. Estimated useful lives of the Intangible Assets are as under.

Description of Asset	Estimated useful Life
Computer Software	3 years
Value of License/Right to use infrastructure	3 years

3.3. Intangible Assets

i. Recognition and measurement

Intangible Assets include computer software /licences acquired by the Company and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

3.4. Impairment of Non-financial assets

Tangible and intangible assets

The carrying value of assets on each balance sheet date is reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount in Statement of Profit and Loss. Recoverable amount is the higher of the net selling price and value in use.

If on the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3.5. Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

A. Financial Assets

i. Initial Recognition and measurement

Initial recognition

Financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets for an item which is not measured at Fair Value through Profit or Loss is adjusted to the fair value on initial recognition. Purchase and sale of Financial Assets are recognised using settlement date accounting.

Under settlement date accounting, an asset is recognised on the date it is actually delivered to the Company and asset is derecognised and profit/loss is booked on the date it is actually delivered by the Company. The Company also accounts for any change in fair value of the asset to be received during the period between trade date and settlement date in the same way as it accounts for the already acquired asset.

Subsequent measurement

Financial assets are subsequently classified as measured at

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

ii. Classification of financial assets

A Financial Asset is measured at amortised cost if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Debt Instruments at fair value through OCI

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss and recognised separately in the profit and loss account. Interest income from these financial assets is included in interest income using the effective interest rate method (EIR).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Debt Instruments at fair value through profit or loss

A Financial Asset shall be classified and measured at Fair Value through Profit or Loss (FVTPL) unless it is measured at amortised cost or at fair value through OCI.

A gain or loss on a debt investment that is subsequently measured at Fair value through Profit or Loss and is not part of a hedging relationship is recognised in Statement of Profit or Loss in the period in which it arises. Interest income from these financial assets is included in interest income.

Equity instruments

Equity instruments which are held for trading are classified as at FVTPL with all changes recognised in Statement of Profit and Loss. For all other equity instruments, the Company decides to classify the same as whether at FVOCI or FVTPL. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

In case, where the equity instruments are classified as at FVOCI then fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investments. However, the Company may transfer the cumulative gain or loss within equity. Dividends received on equity instruments classified as at FVOCI are recognised in statement of Profit and Loss

iii. De-recognition of financial assets

The Company de-recognises a financial asset only when rights to receive cash flows from the asset have expired or has transferred its rights to receive cash flows or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on derecognition.

B. Financial liabilities and equity instruments issued by the Company**i. Classification as Debt or Equity:**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

ii. Financial liabilities**Initial recognition and measurement**

All Financial Liabilities are recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent measurement**a) Financial Liabilities at Fair Value through Profit or Loss (FVTPL):**

A financial liability is classified as at Fair Value through Profit or Loss (FVTPL) if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit and Loss.

b) Financial liabilities at amortised cost:

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate method.

Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

De-recognition of financial liabilities

The Company de-recognises financial liabilities when the obligations specified in the contract is discharged, cancelled or expired.

C. Derivative financial instruments

The Company presently deals in interest rate swaps & futures, currency futures, Equity and Index Futures and Options to earn trading profit.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. In case of Interest rate swaps, the current MTM value receivable over and above notional amount of the contract is recognised as fair value of asset and current MTM value payable over and above notional amount of the contract is recognised as fair value of liability.

Currency futures, interest rate futures (i.e. exchange traded derivatives) are marked to market using closing price of the relevant futures contract as published by the NSE.

Interest rate swaps are marked to market using yield curves as published by Financial Benchmark of India Limited (FBIL).

Equity and Index Futures and Options are marked to market using the closing price of the relevant contract as published by the NSE.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

D. Impairment of financial instruments

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets measured at amortised cost or FVTOCI, except for investments in equity instruments. Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

Stage 1 (Performing Assets) - includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk on the reporting date. For these assets, 12-month ECL is recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date, if the credit risk has not significantly increased since initial recognition.

Stage 2 (Underperforming Assets with significant increase in credit risk since initial recognition) includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL is recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL is the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3 (Non-performing or Credit-impaired assets) includes financial assets that have objective evidence of impairment at the reporting date.

Criteria used for determination of movement from Stage 1 (12 month ECL) to Stage 2 and Stage 3 (lifetime ECL).

Criteria used for classification of assets are detailed below:

Stage 1 (12 month ECL)	Investments	No downgrade in external rating
Stage 2 (lifetime ECL)	Investments	Significant downgrade in the external rating
Stage 3 (lifetime ECL)	Investments	Bonds with Default Rating

Measurement of Expected Credit Loss

Expected Credit Loss (ECL) on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low and incorporates all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. Methods of measuring expected credit losses are based on 3 main parameters.

Probability of default (PD): It is defined as the probability of whether borrowers will default on their obligations in future.

Loss given default (LGD): It is the magnitude of the likely loss if there is a default. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Exposure at default (EAD): EAD represents the expected exposure in the event of a default, taking into account the repayment of principal and interest from the balance sheet date to the default event. Stage wise EAD computation is as under.

- (i) For Stage 1 and 3, Current outstanding are used as EAD.
- (ii) For Stage 2 accounts, the expected principals outstanding (as contracted) at the end of reporting period are used as EAD.

ECL is measured as the product of the PD, LGD and EAD. Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which the Company is exposed to credit risk. The estimation of ECL also takes into account the time value of money. ECL is estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset.

Computation of ECL is summarized as under.

Classification	ECL	ECL computation
Stage 1	12 Month ECL	1 year PD*LGD*Outstanding on computation Date
Stage 2	Lifetime ECL	Sum of discounted value of each year's ECL (ECL for each year would be product of forecasted PD, LGD and forecasted EAD at the end of each year
Stage 3	Lifetime ECL	LGD*Outstanding on Computation Date

Presentation of allowance for ECL in the balance sheet

Loss allowances for ECL are deducted from the gross carrying amount of financial assets measured at amortized cost.

E. Write off

Debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

F. Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Company has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

G. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and charges paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'interest income' line item.

H. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and for financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

3.6. Income Tax

Income tax expense comprises of current tax and deferred tax.

A. Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of earlier years. The amount of current tax reflects the best estimate of the tax amount to be paid, measured in accordance with the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Income tax assets and liabilities are measured at the amount expected to be recovered from or payable to the tax authorities.

B. Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Any changes in the deferred taxes due to a change in tax rates are recognized in the statement of Profit and Loss in the period of enactment of the change.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority.

C. Minimum Alternate Tax ('MAT') credit:

The Company has opted for lower Income Tax Rate as applicable u/s. 115 BAA of Income Tax Act and accordingly provisions of MAT are not applicable to the Company.

3.7. Cash and Bank Balances

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits with banks and other short-term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have original maturities of less than or equal to three months. These balances with banks are unrestricted for withdrawal and usage.

Other bank balances include balances and deposits with banks that are restricted for withdrawal and usage.

Statement of Cash Flow

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.8. Provisions and Contingencies

Provisions are recognised when Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation as at the balance sheet date

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

3.9. Revenue Recognition

A. Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified at FVTOCI, interest income or expense is recognised using the effective interest rate method from the day asset is recognised in the books of accounts.

For financial instruments measured at FVTPL, interest income is recognised at coupon rate from the day asset is recognised in the books of accounts.

Interest income on tax refunds is recognised on receipt basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

B. Dividend Income

Dividend income from investments is recognised when the shareholder's rights to receive income have been established.

C. Income from Derivative instruments:

Derivative instruments such as Equity and Index Futures and Options, Interest Rate Swaps (IRS), Currency and Interest Rate Futures are considered as trading derivatives and hence the open positions are marked to market on daily basis and net gains/losses, are recognised to profit & loss account.

Income from derivative instruments represents the net profit or loss on settled/expired positions in equity index and stock futures and options after adjusting for brokerage and other transaction costs.

D. Treasury Bills, Commercial Papers, Certificate of Deposits, Zero-Coupon Bonds and STRIPS

The difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as income. The same is included in the carrying amount of these securities and the aggregate amount is regarded as cost for the purpose of valuation of investment.

In case of discounted instruments, discount income represents the income accrued from the date of acquisition to the date of sale/maturity. Profit/Loss on sale of discounted instruments is the difference between the sale price and its carrying cost and is part of the trading income.

E. Expenses/Income under Repo Transactions:

In line with the revised guidelines issued by the Reserve Bank of India (RBI), repo/reverse repo transactions are treated as borrowing and lending transactions. Further, in line with the RBI guidelines, the difference between the total consideration (clean price and the accrued interest) between the 1st and 2nd leg of the repo and reverse repo transactions is accounted as Repo Expenditure or Repo Income, as the case may be, over the period of the contract.

F. Triparty Repo(TREPS)

Transactions for borrowing and lending under TREPS are accounted for at their discounted values. The difference paid or received on redemption is treated as discount paid on TREPS in case of borrowing and discount earned on TREPS in case of lending. The difference between the discounted value on the borrowing date or the lending date, as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively under the head "Interest/discount income or expenses". The same is included in the carrying amount of the borrowing or lending.

G. Underwriting Commission/Fees

Underwriting commission/fee earned in respect of successful bids/devolvement towards fulfilment of underwriting commitments, to the extent apportionable to the cost, are reduced from the cost of securities devolved and the remaining amount is reckoned as income.

H. Cost of acquisition of securities includes brokerage and Securities Transaction Tax (STT), wherever applicable paid towards the transaction. At the time of sale of securities, brokerage and STT are reduced from consideration received.

I. Profit/Loss from trading in equities and equity exchange traded derivatives is recognised on trade date i.e. the date on which the company commits to sell an asset. Profit/Loss from trading in Government Securities, Treasury Bills and other fixed income securities is also recognised on trade date.

3.10. Borrowing Cost

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds. Interest on borrowings is recognised in the Statement of Profit and Loss using effective interest rate method. Fee and commission expense that are integral to the effective interest rate on a financial liability are included in the effective interest rate.

Borrowings and debt securities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3.11. Employee Benefits**A. Short-term employee benefits**

Short-term employee benefits are recognised as an expense on accrual basis. All employee benefits payable wholly within 12 months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The Company recognises the undiscounted amount of such short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expenses) after deducting any amount already paid.

B. Long-Term employee Benefits

Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Long-term employee benefit primarily consists of leave encashment benefits wherein employees are entitled to accumulate leave subject to certain limits for future encashment/availment. Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year using Projected Unit Credit (PUC) Method. Actuarial gains/losses, if any, are recognised immediately in the statement of Profit and Loss.

Gains or losses on the curtailment or settlement of long-term employee benefits plan are recognised when the curtailment or settlement occurs.

Post-Employment and termination benefits**Defined Contribution Plan (Provident Fund):**

Contributions as required under the statute made to the Provident Fund (Defined Contribution Plan) are recognised immediately in the Statement of Profit and Loss. There is no obligation other than the monthly contribution payable to the Regional Provident Fund Commissioner.

Defined Benefit Obligation (Gratuity)

Gratuity liability is a defined benefit obligation and is provided on the basis of an actuarial valuation performed by an independent actuary based on Projected Unit Credit (PUC) method, at the end of each financial year. The Company has created a trust for future payment of gratuities which is funded through Gratuity cum Life Assurance Scheme of LIC (Defined Benefit Plan).

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI), net of taxes. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

The Company's net obligation in respect of gratuity (defined benefit plan), is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is recognised as an asset to the extent of present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Gains or losses on the curtailment or settlement of defined benefits plan are recognised when the curtailment or settlement occurs.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3.12. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed (also known as modification).

As a Lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116.

At the commencement date, Company recognises a right-of-use asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The lease payments shall be discounted using appropriate interest rate on periodic basis.

Subsequently, right of use asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in statement of profit and loss.

If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as short term lease.

Lease payments associated with short term leases are treated as an expense on systematic basis.

3.13. Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equities shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.14. Dividend Distribution to Equity share Holders of the Company

The Company recognises a liability to make distributions to equity share holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	AS AT MARCH 31, 2021 (₹ in Lakh)	AS AT MARCH 31, 2020 (₹ in Lakh)
NOTE 4		
CASH AND CASH EQUIVALENTS		
a) Cash on hand	0.06	0.12
b) Balances with Bank	48.71	62.66
Total (a+b)	48.77	62.78

NOTE 5**BANK BALANCES OTHER THAN CASH
AND CASH EQUIVALENTS**

Fixed deposit with bank* (includes interest accrued but not due)	22.11	22.06
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	-	300.00
Total	22.11	322.06

*FDs have been lien marked in favour of stock exchanges for Base Minimum
Capital requirement in Currency Derivatives Segment

NOTE 6**DERIVATIVE FINANCIAL INSTRUMENTS**

(₹ in Lakh)

PARTICULARS	AS AT MARCH 31, 2021			AS AT MARCH 31, 2020		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives	-	-	-	-	-	-
(ii) Interest rate derivatives						
Interest rate swaps	14,55,710.73	44,863.24	44,695.76	16,30,608.95	71,759.19	70,905.86
Options purchased	-	-	-	-	-	-
Options sold (written)	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	14,55,710.73	44,863.24	44,695.76	16,30,608.95	71,759.19	70,905.86
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Total derivatives	14,55,710.73	44,863.24	44,695.76	16,30,608.95	71,759.19	70,905.86

* Notional amount for IRS represents both asset and liability

	AS AT MARCH 31, 2021 (₹ in Lakh)	AS AT MARCH 31, 2020 (₹ in Lakh)
NOTE 7		
OTHER RECEIVABLES		
a) Receivable against sale of shares	243.53	-
b) Others	1.38	-
Total	244.91	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 8
INVESTMENTS*
(₹ in Lakh)

Particulars	As at March 31, 2021							As at March 31, 2020								
	Amor- tised cost	At Fair Value					Others	Total	Amor- tised cost	At Fair Value					Others	Total
		Through other compre- hensive income	Through profit and loss account **	Desig- nated at fair value through profit and loss account	Sub total					Through other compre- hensive income	Through profit and loss account **	Desig- nated at fair value through profit and loss account	Sub total			
1	2	3	4	(5=2+3+4)	6	(7=1+5+6)	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)			
Investments																
Government securities	-	-	11,30,480.26	-	11,30,480.26	-	11,30,480.26	-	35,784.79	6,82,963.45	-	7,18,748.24	-	7,18,748.24		
Other approved securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Debt securities	-	-	9,342.29	-	9,342.29	-	9,342.29	-	-	97,093.50	-	97,093.50	-	97,093.50		
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
- Quoted Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Mutual funds	-	-	-	-	-	-	-	-	-	502.35	-	502.35	-	502.35		
Total - Gross (A)	-	-	11,39,822.55	-	11,39,822.55	-	11,39,822.55	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09		
(i) Overseas Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(ii) Investments in India	-	-	11,39,822.55	-	11,39,822.55	-	11,39,822.55	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09		
Total - Gross (B)	-	-	11,39,822.55	-	11,39,822.55	-	11,39,822.55	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09		
Total Investment (A) = (B)	-	-	11,39,822.55	-	11,39,822.55	-	11,39,822.55	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09		
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total - Net D = (A) - (C)	-	-	11,39,822.55	-	11,39,822.55	-	11,39,822.55	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09		

* Including Accrued Interest

** As per Business model of the company these investments are measured at FVTPL

Securities having book value of ₹ NIL (PY ₹ 35,784.79 Lakhs) classified as FVTOCI & securities having FV of ₹ 10,82,964.00 Lakhs (PY ₹ 6,87,578.00 Lakhs) classified as FVTPL have been kept as collateral for various borrowings and settlement.

**AS AT
MARCH 31, 2021
(₹ in Lakh)**

**AS AT
MARCH 31, 2020
(₹ in Lakh)**

NOTE 9
OTHER FINANCIAL ASSETS

Security and other deposits (Measured at amortised cost)

24.13

35.18

Others

a) Profit/ (Loss) on account of trade on reporting date accounting

13.02

577.07

b) Margin money with CCIL

1,625.00

1,402.00

c) Margin money with others

3.25

3.25

Total
1,665.40
2,017.50
NOTE 9A
CURRENT TAX ASSETS / (LIABILITIES)

 Current Tax Assets (Net of Tax Provisions) / Liabilities
(Net of Advance Tax and TDS)

105.28

(477.15)

Total
105.28
(477.15)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	AS AT MARCH 31, 2021 (₹ in Lakh)	AS AT MARCH 31, 2020 (₹ in Lakh)
NOTE 9B		
DEFERRED TAX ASSETS / (LIABILITIES)		
Deferred Tax Assets		
Provisions	264.15	300.64
Lease Liability	22.42	28.54
Total (A)	286.57	329.18
Deferred Tax Liabilities		
Investments	3.28	501.08
Property, Plant and Equipment & Intangible assets	193.32	183.18
Right to Use Asset	25.79	30.80
Total (B)	222.39	715.06
Net Deferred Tax Assets / (Liabilities) (A-B)	64.18	(385.88)

NOTE 10**PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**

For the Year ended March 31, 2021

(₹ in Lakh)

Fixed Assets	TANGIBLE ASSETS (I)							INTANGIBLE ASSETS (II)		Intangible Assets under Development (III)	(IV)	
	Buildings	Computers	Office Equipment		Furniture and Fixtures	Vehicles	Right-of-Use Assets*	Sub-total (I)	Software and Licences		Sub-total (II)	Grand Total (I+II+III)
			Air-Conditioner	Others								
Cost												
As at April 01, 2020	1,578.29	105.66	10.25	3.72	44.06	16.38	157.90	1,916.27	26.62	26.62	-	1,942.89
Additions/adjustments during the year	-	20.39	0.42	6.59	6.63	-	6.05	40.08	12.44	12.44	0.64	53.17
Deletions/retirements during the year	-	0.28	0.20	-	2.50	-	-	2.99	-	-	-	2.99
As at March 31, 2021	1,578.29	125.77	10.47	10.32	48.20	16.38	163.95	1,953.35	39.06	39.06	0.64	1,993.06
Depreciation and amortization												
As at April 01, 2020	88.73	59.56	7.40	3.10	38.76	6.90	35.50	239.96	26.39	26.39	-	266.34
Depreciation charge for the year	29.55	24.84	1.36	0.84	5.62	1.91	25.99	90.09	3.32	3.32	-	93.41
On disposals	-	0.28	0.20	-	2.50	-	-	2.99	-	-	-	2.99
As at March 31, 2021	118.28	84.12	8.56	3.94	41.88	8.81	61.49	327.07	29.71	29.71	-	356.77
Net Book Value												
Net Block as at March 31, 2021	1,460.01	41.65	1.91	6.38	6.32	7.57	102.46	1,626.30	9.36	9.36	0.64	1,636.30

Note - Cost of building includes ₹ 0.05 Lakh being the cost of shares held for membership of the Co-operative society.

* Right-of-Use Assets is derived as per the requirement of Ind AS 116.

For the Year ended March 31, 2020

(₹ in Lakh)

Fixed Assets	TANGIBLE ASSETS (I)							INTANGIBLE ASSETS (II)		Intangible Assets under Development (III)	(IV)	
	Buildings	Computers	Office Equipment		Furniture and Fixtures	Vehicles	Right-of-Use Assets*	Sub-total (I)	Software and Licences		Sub-total (II)	Grand Total (I+II+III)
			Air-Conditioner	Others								
Cost												
As at April 01, 2019	1,578.29	101.39	10.25	3.47	44.06	16.38	-	1,753.85	26.62	26.62	-	1,780.47
Additions/adjustments during the year	-	9.65	-	0.25	-	-	157.90	167.79	-	-	-	167.79
Deletions/retirements during the year	-	5.38	-	-	-	-	-	5.38	-	-	-	5.38
As at March 31, 2020	1,578.29	105.66	10.25	3.72	44.06	16.38	157.90	1,916.26	26.62	26.62	-	1,942.88
Depreciation and amortization												
As at April 01, 2019	59.10	41.32	4.94	2.54	25.82	4.99	-	138.71	24.34	24.34	-	163.05
Depreciation charge for the year	29.63	23.61	2.47	0.56	12.94	1.91	35.50	106.63	2.05	2.05	-	108.68
On disposals	-	5.37	-	-	-	-	-	5.37	-	-	-	5.37
Upto March 31, 2020	88.73	59.56	7.40	3.10	38.76	6.90	35.50	239.95	26.39	26.39	-	266.34
Net Book Value												
As at March 31, 2020	1,489.56	46.10	2.85	0.62	5.30	9.48	122.40	1,676.31	0.23	0.23	-	1,676.54

Note - Cost of building includes ₹ 0.05 Lakh being the cost of shares held for membership of the Co-operative society.

* Right-of-Use Assets is derived as per the requirement of Ind AS 116.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	AS AT MARCH 31, 2021 (₹ in Lakh)	AS AT MARCH 31, 2020 (₹ in Lakh)
NOTE 11		
OTHER NON-FINANCIAL ASSETS		
Prepaid expenses	59.64	80.64
Advance payment to supplier	19.36	12.61
GST Input tax credit	75.73	49.96
Others	53.21	-
Total	207.94	143.21

NOTE 12

TRADE PAYABLES

a) Trade payables

(i) total outstanding dues of micro enterprises and small enterprises	2.92	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	53.69	120.78
Subtotal (i+ii)	56.61	120.78

b) Other payables

(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	38.25	53.00
Subtotal (i+ii)	38.25	53.00
Total (a+b)	94.86	173.78

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	AS AT MARCH 31, 2021 (₹ in Lakh)	AS AT MARCH 31, 2020 (₹ in Lakh)
NOTE 13		
BORROWINGS AT AMORTISED COST (OTHER THAN DEBT SECURITIES)		
Other loans	10,50,298.35	7,53,065.28
Secured		
i) Tri-Party Repo (TREPS) Segment	3,32,571.99	2,92,343.71
(March 31, 2021 : Carries interest rate between 3.33 % to 3.42 % and is repayable within 5 days)		
(March 31, 2020 : Carries interest rate between 0.30% to 0.75% and is repayable within 3 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by directors and/or others)		
ii) Borrowing under REPO	6,74,550.94	3,06,735.36
(March 31, 2021 : Carries interest rate between 3.35% to 3.5% and is repayable within 5 days)		
(March 31, 2020 : Carries interest rate between 1% to 4.95% and is repayable within 3 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by directors and/or others)		
iii) Borrowing Under LAF/Refinance from RBI	-	46,965.99
(March 31, 2020: LAF carries interest rate of 4.40% and is repayable in 22-27 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by directors and/or others)		
Unsecured		
i) Loans repayable on demand	43,175.42	1,07,020.22
from banks (repayable at call/short notice/term)		
(March 31, 2021 : Notice money Carries interest rate between 3.05 % to 3.45 % and is repayable within 5 days)		
(March 31, 2020: Call money carries interest rate between 4.40% to 4.90% and is repayable within 1 day, Notice money carries interest rate between 4.40% to 5.65% and is repayable between 4-11 days, Term money carries interest rate between 5.15% to 5.60% and is repayable between 15-70 days)		
Total (A)	10,50,298.35	7,53,065.28
Borrowings in India	10,50,298.35	7,53,065.28
Borrowings outside India	-	-
Total (A) = (B)	10,50,298.35	7,53,065.28

Note : The debt coverage has been complied with.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	AS AT MARCH 31, 2021 (₹ in Lakh)	AS AT MARCH 31, 2020 (₹ in Lakh)
NOTE 14		
DEPOSITS AT AMORTISED COST		
Deposits - Unsecured		
From others (Inter Corporate Deposits)	18,772.90	2,931.21
Total	18,772.90	2,931.21
<i>(March 31, 2021 : carries interest rate between 3.70% to 3.74% and is repayable within 67-91 days)</i>		
<i>(March 31, 2020 : carries interest rate between 5.39% to 5.44% and is repayable within 88-91 days)</i>		
<i>(of the above, ₹ Nil is guaranteed by directors and/or others)</i>		
<i>- The Company has not defaulted in repayment of deposit and interest during the year.</i>		
NOTE 15		
LEASE LIABILITY		
Lease Liability	89.08	113.40
Total	89.08	113.40
NOTE 16		
PROVISIONS		
(a) Provision for employee benefits		
Performace linked variable pay	917.58	695.80
Gratuity & leave encashment	174.13	141.42
(b) Others		
- Provision for stamp duty	357.80	357.30
Total (a+b)	1,449.51	1,194.52
NOTE 17		
OTHER NON-FINANCIAL LIABILITIES		
Statutory dues	118.00	44.74
Total	118.00	44.74

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	AS AT MARCH 31, 2021 (₹ in Lakh)	AS AT MARCH 31, 2020 (₹ in Lakh)
NOTE 18		
EQUITY SHARE CAPITAL		
Authorised		
30,00,00,000 Equity Shares of ₹ 10/- each	30,000.00	30,000.00
TOTAL	30,000.00	30,000.00

Equity share capital**Issued, Subscribed and Fully Paid-up**

15,00,00,000 Equity Shares of ₹ 10/- each fully paid-up	15,000.00	15,000.00
TOTAL	15,000.00	15,000.00

NOTE 18.1**RECONCILIATION OF THE NUMBER OF SHARES**

Particulars	(₹ in Lakh)			
	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	15,00,00,000	15,000.00	15,00,00,000	15,000.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	15,00,00,000	15,000.00	15,00,00,000	15,000.00

NOTE 18.2**DETAILS OF AGGREGATE SHAREHOLDING BY HOLDING COMPANY, SUBSIDIARY OF HOLDING COMPANY OR ASSOCIATE OF HOLDING COMPANY**

NAME OF SHAREHOLDER	As at March 31, 2021	As at March 31, 2020
	No. of Shares	No. of Shares
STCI Finance Limited (Holding Company)*	15,00,00,000	15,00,00,000

* Includes 6 shares held by the nominee

NOTE 18.3**TERMS AND RIGHTS ATTACHED TO EQUITY SHARES**

Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ₹ 10/- each. In the event of liquidation by the company, the shareholder of equity share will be entitled to receive remaining assets of the Company after distribution of all the preferential amount. Distribution will be in proportion number of equity shares held by each shareholder.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 18.4

SHAREHOLDERS HOLDING MORE THAN 5% OF THE EQUITY SHARES OF THE COMPANY ARE AS UNDER

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
STCI Finance Limited (Holding Company)*	15,00,00,000	100%	15,00,00,000	100%

* Includes 6 shares held by the nominee

NOTE 18.5

SHAREHOLDING OF PROMOTERS

Shares held by promoters at the end of the year

Sr. No.	Name of Promoter	No. of Shares	% of total shares	% Change during the year
1.	STCI Finance Limited (Holding Company)	15,00,00,000	100%	N.A.
Total		15,00,00,000		

NOTE 19

OTHER EQUITY

Particulars	AS AT MARCH 31, 2021 (₹ in Lakh)	AS AT MARCH 31, 2020 (₹ in Lakh)
General Reserve	105.94	105.94
Retained Earnings	30,863.15	25,169.57
Other comprehensive income :		
Debt instruments through Other Comprehensive Income	-	108.35
Remeasurements of the net defined benefit plans	(13.65)	(11.35)
Other reserves:		
Statutory Reserve	20,080.15	15,534.42
Capital Redemption Reserve	5,000.00	5,000.00
Reserve & Surplus HTM - CGS	2,126.63	2,126.63
Total	58,162.22	48,033.56

The Description of the nature and purpose of each reserve within equity is as follows:

- General reserve : Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- Debt Instrument through OCI represents the cumulative gains/(losses) arising on the fair valuation of debt instruments measured at fair value through OCI.
- Statutory Reserve is created as per Section 45-IC of the RBI Act, 1934 by transferring therein a sum not less than 20% of its net profit every year and forms part of free reserves, Net owned funds and Tier I capital.
- Capital redemption Reserve is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- Reserve & Surplus HTM - CGS represents profit transferred to such reserve as per RBI guidelines on disposal of instruments classified under HTM category.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 20

INTEREST INCOME

(₹ in Lakh)

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total
Interest on Loans	-	0.45	-	0.45	-	16.68	-	16.68
Interest income from investments	2 90.58	-	4 4,551.49	44,842.07	2,517.48	-	55,781.56	58,299.03
Interest on deposits with banks	-	70.83	-	70.83	-	13.33	-	13.33
Other interest income	-	9.13	-	9.13	-	9.58	-	9.58
Total	290.58	80.41	44,551.49	44,922.48	2,517.48	39.59	55,781.56	58,338.62

FOR THE YEAR ENDED
MARCH 31, 2021
(₹ in Lakh)

FOR THE YEAR ENDED
MARCH 31, 2020
(₹ in Lakh)

NOTE 21

TRADING PROFIT/(LOSS) ON INVESTMENTS

Government Securities	472.15	1,702.67
State Development Loans	12,969.38	13,398.86
GOI Special Securities	-	252.66
Corporate bonds	351.87	1,001.46
Equity Shares	662.94	(38.08)
Equity Futures & Options	(0.16)	(188.00)
Interest Rate Swaps	(34.59)	69.48
Interest Rate Futures	(0.06)	(32.18)
Currency Futures	1.38	(6.98)
Interest Rate Option	-	0.02
Treasury Bills	2,412.36	995.69
Certificate of Deposits	524.54	649.98
STRIPS	(17.25)	-
TRADING PROFIT/(LOSS) ON SECURITIES (REFER A BELOW)	1 7,342.55	17,805.58

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Revenue from Operations	FOR THE YEAR ENDED MARCH 31, 2021		FOR THE YEAR ENDED MARCH 31, 2020	
	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)
A TRADING PROFIT/(LOSS) ON SECURITIES				
(a) Government securities		472.15		1,702.67
Sales (net of brokerage)	76,72,034.26		3,22,12,470.26	
Add : Stock on hand as at the end of the year	75,998.91		79,150.40	
Less : (i) Purchases	(76,68,926.89)		(3,21,82,570.38)	
(ii) Stock on hand as at the beginning of the year	(79,150.40)		(1,07,278.98)	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	50337		(64.20)	
Profit/ (Loss) on account of trade on reporting date accounting	12.90		(4.43)	
(b) State Development Loans		12,969.38		13,398.86
Sales (net of brokerage)	39,07,144.77		36,35,984.65	
Add : Stock on hand as at the end of the year	1,24,809.87		1,45,507.35	
Less : (i) Purchases	(38,72,562.70)		(35,88,158.92)	
(ii) Stock on hand as at the beginning of the year	(1,45,507.35)		(1,79,526.79)	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(915.32)		(933.48)	
Profit/ (Loss) on account of trade on reporting date accounting	0.12		526.05	
(c) GOI Special Securities		-		252.65
Sales (net of brokerage)	-		37,763.80	
Add : Stock on hand as at the end of the year	-		-	
Less : (i) Purchases	-		(33,020.03)	
(ii) Stock on hand as at the beginning of the year	-		(4,484.46)	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	-		(6.66)	
(d) Corporate Bond		351.87		1,001.46
Sales (net of brokerage)	1,23,844.97		2,90,448.95	
Add : Stock on hand as at the end of the year	9,028.63		31,520.58	
Less : (i) Purchases	(1,01,001.16)		(2,64,680.30)	
(ii) Stock on hand as at the beginning of the year	(31,520.58)		(56,013.09)	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	-		(274.67)	
Profit/ (Loss) on account of trade on reporting date				
(e) Equity Shares		662.94		(38.08)
Sales (net of brokerage)	2,125.16		1,173.27	
Add : Stock on hand as at the end of the year	-		-	
Less : (i) Purchases	(1,462.22)		(835.61)	
(ii) Stock on hand as at the beginning of the year	-		(369.96)	
(iii) Equity Cash MTM	-		-	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	-		(5.79)	
(f) Equity Futures & Options		(0.16)		(188.00)
Profit & Loss on Equity F&O	(0.16)		(188.00)	
(g) Interest Rate Swap		(34.59)		69.48
Profit & Loss including MTM on IRS	(34.59)		69.48	
(h) Interest Rate Futures		(0.06)		(32.18)
Profit & Loss on Interest Rate Futures	(0.06)		(32.18)	
(i) Currency Futures		1.38		(6.98)
Profit & Loss on Currency Futures	1.38		(6.98)	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Revenue from Operations Continued...	FOR THE YEAR ENDED MARCH 31, 2021		FOR THE YEAR ENDED MARCH 31, 2020	
	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)
(j) Interest Rate Option		-		0.02
Profit & Loss on Interest Rate Option	-		0.02	
(k) Treasury Bills		2,412.36		995.69
Sales (net of brokerage)	56,40,399.59		46,52,010.27	
Add : Stock on hand as at the end of the year	9,21,073.64		4,51,565.45	
Less : (i) Purchases	(60,80,671.06)		(45,89,709.78)	
(ii) Stock on hand as at the beginning of the year	(4,51,565.45)		(4,85,951.60)	
(iii) Discount Income on Treasury bills	(24,959.74)		(25,706.24)	
Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(1,864.62)		(1,267.87)	
Profit/ (Loss) on account of trade on reporting date accounting	-		55.45	
(l) Certificate of Deposit		524.54		649.98
Sales (net of brokerage)	66,493.90		93,257.17	
Add : Stock on hand as at the end of the year	-		64,942.17	
Less : (i) Purchases	-		(1,06,643.34)	
(ii) Stock on hand as at the beginning of the year	(64,942.17)		(46,707.16)	
(iii) Discount Income on Certificate of Deposit	(874.85)		(4,198.85)	
Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(152.35)		-	
Profit/ (Loss) on account of trade on reporting date accounting	-		-	
(m) STRIPS		(17.25)		-
Sales (net of brokerage)	3,246.55		33.25	
Add : Stock on hand as at the end of the year	7,413.73		2,816.64	
Less : (i) Purchases	(7,562.35)		(2,792.15)	
(ii) Stock on hand as at the beginning of the year	(2,816.64)		-	
(iii) Discount Income on STRIPS	(281.30)		(57.73)	
Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(17.25)		-	
Total (A)		17,342.55		17,805.58

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	FOR THE YEAR ENDED MARCH 31, 2021 (₹ in Lakh)	FOR THE YEAR ENDED MARCH 31, 2020 (₹ in Lakh)
NOTE 22		
NET GAIN/ (LOSS) ON FAIR VALUE CHANGES		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Investments	(1,418.40)	1,626.24
Derivatives	-	-
Total Net gain/(loss) on fair value changes	(1,418.40)	1,626.24
Fair Value changes:		
Realised	-	-
Unrealised	(1,418.40)	1,626.24
Total Net gain/(loss) on fair value changes	(1,418.40)	1,626.24

NOTE 23

OTHER INCOME

Profit on sale of fixed assets	0.19	0.01
Expenses write back	73.60	-
Other income*	724.37	2.16
Total other income	798.16	2.17

* Other income includes ₹ 673.41 Lakhs reimbursement of Service tax/GST on underwriting commission income received from RBI for the period July 01, 2012 to March 31, 2020.

NOTE 24

FINANCE COSTS AT AMORTISED COST (Refer Note 20)

Interest on deposits	722.42	1,062.85
Interest on borrowings	28,423.42	44,116.97
Interest on debt securities	-	-
Intraday liquidity charges	168.95	168.73
Other interest expense	60.49	4.17
TOTAL	29,375.28	45,352.72

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	FOR THE YEAR ENDED MARCH 31, 2021 (₹ in Lakh)	FOR THE YEAR ENDED MARCH 31, 2020 (₹ in Lakh)
NOTE 25		
EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	1,441.25	1,412.03
Gratuity	9.07	14.05
Contribution to provident and other funds	39.80	37.41
Staff welfare expenses	22.71	34.65
Total	1,512.83	1,498.14

NOTE 26**OTHER EXPENSES**

Rates, taxes and energy cost	31.18	34.99
Repairs and maintenance	83.07	71.92
Communication costs	37.72	39.57
Printing and stationery	6.23	10.84
CSR expenditure	267.10	252.44
Director's fees, allowances and expenses	38.48	32.16
Auditor's remuneration (<i>refer note below*</i>)	14.00	12.50
Legal and professional charges	62.67	84.55
Insurance	35.83	40.09
Information services	114.83	108.08
Business development expenses	10.25	19.03
GST ITC (written off)	1.06	75.29
Office expenses	33.89	39.21
Other expenditure	16.37	27.94
Total	752.68	848.60

** Note***AUDITORS REMUNERATION**

Statutory audit fee	7.00	6.25
Limited review fee	1.50	1.00
Tax audit fee	1.50	1.50
Certification and other services	3.75	3.50
Out of pocket expenses	0.25	0.25
Total	14.00	12.50

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 27

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

(₹ in Lakh)

Particulars	Stamp Duty*		PLVP*	
	2020-21	2019-20	2020-21	2019-20
Carrying amount at the beginning of the year	357.30	347.82	695.80	178.70
Provision made in the period	0.50	9.48	660.00	660.00
Amounts paid during the period;	-	-	(385.94)	(142.20)
Amount reversed during the year	-	-	(52.28)	(0.70)
Carrying amount at the end of the year	357.80	357.30	917.58	695.80

* **Performance Linked Variable Pay** - The Company pays PLVP to its employees on the basis of their performance. The provision made by the Company is approved by the Board of Directors in line with the Board approved PLVP Policy. In case the amount or portion thereof is unapproved, or the employee leaves the Company before the payment of the PLVP, then such amount is reversed in current year.

The stamp duty provision has been created in view of the deliberations which were held between Government of Maharashtra and various representative bodies of the participants viz. IBA, FIMMDA, PDAI and AMFI, on the applicability of stamp duty on non-government securities' transactions. The said provision has been made for the period April 1 to June 30, 2020. Pursuant to amendment to the Indian Stamp Act w.e.f July 1, 2020, the stamp duty on such transactions is being collected by Clearing Corporation of India Limited (CCIL) as part of the settlement obligation and thus no provision has been created for the period from July 1, 2020 onwards.

For the current year, provision of ₹ 0.50 lakhs (March 31, 2020 - ₹ 9.48 lakhs) calculated on the basis of 0.01% of the value of transaction as stipulated in the Maharashtra Stamp Act, (erstwhile The Bombay Stamp Act, 1958), as amended, has been made for stamp duty for direct deals of nongovernment securities. The provision as on March 31, 2021 for stamp duty on non-government securities transactions stands at ₹ 357.80 lakhs (March 31, 2020 - ₹ 357.30 lakhs). The amount of provision is included under Note no. 16 "Provisions" in the balance sheet and under the head Transaction and Settlement Charges in the statement of profit and loss.

NOTE 28

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ in Lakh)

Particulars	March 31, 2021		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	48.77	-	48.77
Bank Balance other than (a) above	22.11	-	22.11
Derivative financial instruments	2,366.49	42,496.75	44,863.24
Receivables	244.91	-	244.91
Loans	-	-	-
Investments	11,39,822.55	-	11,39,822.55
Other financial assets	13.02	1,652.38	1,665.41
Non-financial Assets			
Current tax Assets (Net)	105.28	-	105.28
Deferred tax Assets (Net)	-	64.18	64.18
Property, Plant and Equipment	-	1,523.84	1,523.84
Right of use Asset	-	102.46	102.46
Intangible assets under development	-	0.64	0.64
Other Intangible assets	-	9.36	9.36
Other non-financial assets	207.94	-	207.94
Total Assets (A)	11,42,831.07	45,849.61	11,88,680.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

Particulars	March 31, 2021		
	Within 12 months	After 12 months	Total
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	2,420.68	42,275.08	44,695.76
Payables			
(i) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	2.92	-	2.92
total outstanding dues of creditors other than micro enterprises and small enterprises	53.69	-	53.69
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	38.25	-	38.25
Borrowings (other than debt securities)	10,50,298.35	-	10,50,298.35
Deposits	18,772.90	-	18,772.90
Lease liability	24.45	64.63	89.08
Non-Financial Liabilities			
Current tax liabilities (Net)	-	-	-
Provisions	710.22	739.30	1,449.51
Deferred tax liabilities (Net)	-	-	-
Other non-financial liabilities	118.00	-	118.00
Total liabilities (B)	10,72,439.44	43,079.01	11,15,518.45
Net (A-B)	70,391.63	2,770.59	73,162.22

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

Particulars	March 31, 2020		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	62.78	-	62.78
Bank Balance other than (a) above	322.06	-	322.06
Derivative financial instruments	10,694.90	61,064.29	71,759.19
Receivables	-	-	-
Loans	-	-	-
Investments	7,80,559.30	35,784.79	8,16,344.09
Other financial assets	1,982.32	35.18	2,017.50
Non-financial Assets			
Deferred tax Assets (Net)	-	-	-
Property, Plant and Equipment	-	1,553.91	1,553.91
Right of use Asset	-	122.40	122.40
Other Intangible assets	-	0.23	0.23
Other non-financial assets	143.21	-	143.21
Total Assets (A)	7,93,764.57	98,560.80	8,92,325.37
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	10,582.63	60,323.23	70,905.86
Payables			
(i) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	120.78	-	120.78
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	53.00	-	53.00
Borrowings (other than debt securities)	7,53,065.28	-	7,53,065.28
Deposits	2,931.21	-	2,931.21
Lease liability	27.19	86.21	113.40
Non-Financial Liabilities			
Current tax liabilities (Net)	477.14	-	477.14
Provisions	1,194.52	-	1,194.52
Deferred tax liabilities (Net)	-	385.88	385.88
Other non-financial liabilities	44.74	-	44.74
Total liabilities (B)	7,68,496.49	60,795.32	8,29,291.81
Net (A-B)	25,268.08	37,765.48	63,033.56

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 29

CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in Lakh)

Particulars	April 1, 2020	Cash flows	Changes in fair values	Exchange differences	Other	March 31, 2021
Borrowings other than debt securities	7,53,065.28	2,97,233.07	-	-	-	10,50,298.35
Deposits	2,931.21	15,841.69	-	-	-	18,772.90
Total liabilities from financing activities*	7,55,996.49	3,13,074.76	-	-	-	10,69,071.25

(₹ in Lakh)

Particulars	April 1, 2019	Cash flows	Changes in fair values	Exchange differences	Other	March 31, 2020
Borrowings other than debt securities	8,69,092.44	(1,16,027.16)	-	-	-	7,53,065.28
Deposits	18,278.11	(15,346.90)	-	-	-	2,931.21
Total liabilities from financing activities*	8,87,370.55	(1,31,374.07)	-	-	-	7,55,996.48

* Cash flows also includes interest accrued but not due on borrowings.

NOTE 30

RELATED PARTY DISCLOSURES

- a. List of related parties:
- i. Enterprises that directly or indirectly through one or more intermediaries control or controlled by or are under common control with the reporting enterprise:

Name of the Related Party	Relation
STCI Finance Limited	Parent Company holding 100% of share capital in the Company
STCI Commodities Limited	Wholly owned Subsidiary of STCI Finance Limited
Bank of India	By virtue of its shareholding in Parent Company in excess of 20%
BOI Merchant Bankers Limited	Subsidiary of Bank of India

- ii. Key management personnel and relatives of such personnel
- Shri Prasanna Patankar, Managing Director
 - Shri Kalpesh Mody, Chief Financial Officer and Company Secretary

There was no transaction with any of the relatives of Key Management Personnel during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

b. Details of Related party transactions during the year :

(₹ in Lakh)

Nature of Transaction	Related Party	2020-21	2019-20
Purchase of Government Securities	STCI Finance Limited	Nil	5,063.57
Sale of Government Securities	STCI Finance Limited	Nil	Nil
CSGL charges and CCIL charges (Received)	STCI Finance Limited	Nil	0.55
Reimbursement of Expenses (Payment)	STCI Finance Limited	9.68	9.92
Reimbursement of Expenses (Received)	STCI Finance Limited	0.79	2.51
Rent paid	STCI Finance Limited	4.18	3.01
Sitting fees Paid	STCI Finance Limited	4.20	4.30
Dividend Paid	STCI Finance Limited	12,600.00	8,400.00
Security Deposit given	STCI Finance Limited	Nil	3.25
Purchase of Government Securities	Bank of India	25,268.04	28,714.95
Sale of Government Securities/ Commercial Papers	Bank of India	38,643.12	25,060.53
Sitting fees Paid	Bank of India	1.60	2.60
IDL Charges Paid	Bank of India	40.00	40.00
IDL Borrowings (C.Y. 200 crores for 242 days P.Y. 200 crores for 242 days)	Bank of India	48,40,000.00	48,40,000.00
Arranger Fee received	BOI Merchant Bankers Limited	6.12	Nil

There are no transactions with other group companies during the year.

Key management personnel compensation

(₹ in Lakh)

Particulars	Year ended March 31, 2021*	Year ended March 31, 2020*
Short-term employee benefits	210.63	205.37
Post-employment benefits	-	-
Other long-term benefits	-	-
Other	-	-
Total	210.63	205.37

* Includes Performance Linked Variable Pay (PLVP) paid during the year.

Performance Linked Variable Pay (PLVP), if any, to be paid for the financial year is paid based on the Individual's performance and Company's performance and as per the Board approved PLVP policy.

All related party transactions were made on terms equivalent to those that would otherwise prevail in an arm's length transaction provided that such terms can be substantiated.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 31

EARNING PER SHARE:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit attributable to equity holders of the Company for basic and diluted earnings per equity share (₹ in Lakh)	22,839.31	22,595.85
Issued ordinary shares (No's)	15,00,00,000	15,00,00,000
Weighted average number of shares at year end for basic and diluted EPS	15,00,00,000	15,00,00,000
Basic and diluted earnings per share (₹)	15.23	15.06

There has been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements which would require the restatement of EPS.

NOTE 32

DISCLOSURE AS PER IND AS 116 - LEASES

Leases as a Lessee

The leases entered into by the Company are primarily operating leases on payment of monthly rentals for its branch offices. The lease arrangements provide an option of renewal on expiry of the term and periodic escalations in the rentals.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of transition and the right of use asset at its carrying amount.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate on the date of transition
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
 - The following is the detailed breakup of Right-of-use assets (by class of underlying assets) included in Property, Plant and Equipment.

Current year

(₹ in Lakh)

Particulars	GROSS BLOCK					DEPRECIATION				NET
	As at April 01, 2020	Transi- tional Impact	Additions	Reclassifications/ Deductions on account of Conclusion	As at March 31, 2021	As at April 01, 2020	For the Year	Reclassifications/ Deductions on account of Conclusion	Upto March 31, 2021	As at March 31, 2021
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Buildings	157.90	-	6.05	-	163.95	35.50	25.99	-	61.49	102.46
Total	157.90	-	6.05	-	163.95	35.50	25.99	-	61.49	102.46

Previous year

(₹ in Lakh)

Particulars	GROSS BLOCK					DEPRECIATION				NET
	As at April 01, 2019	Transi- tional Impact	Additions	Reclassifications/ Deductions on account of Conclusion	As at March 31, 2020	As at April 01, 2019	For the Year	Reclassifications/ Deductions on account of Conclusion	Upto March 31, 2020	As at March 31, 2020
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Buildings	-	61.10	96.80	-	157.90	-	35.50	-	35.50	122.40
Total	-	61.10	96.80	-	157.90	-	35.50	-	35.50	122.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- ii) The following expenses have been charged to Statement of Profit and Loss during FY 2020-21

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
Interest on Lease Liabilities	4.96	4.41
Expenses relating to short term leases	-	-
Expenses relating to leases of low value items	-	-
Expenses relating to variable lease payments (not included in measurement of lease liabilities)	-	-

- iii) Total Cash outflow for leases during FY 2020-21 is ₹ 32.85 Lakhs (FY 2019-20 is ₹ 35.73 Lakhs)

- iv) Income from Sub leasing of Right-of-use assets recognised in statement of profit and loss during FY 2020-21 is Nil (FY 2019-20 is Nil)

- v) Maturity Analysis of Lease Liabilities as per Ind AS 116 Leases

(₹ in Lakh)

As at March 31, 2021	Contractual Cash Flows				
	< 6 months	6-12 months	1-5 years	More than 5 years	Total
Cash outflows	12.22	12.22	64.63	-	89.08

(₹ in Lakh)

As at March 31, 2020	Contractual Cash Flows				
	< 6 months	6-12 months	1-5 years	More than 5 years	Total
Cash outflows	13.60	13.60	86.21	-	113.40

- vi) The following is the movement in lease liabilities during the year ended March 31, 2021:

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	113.40	61.10
Additions during the year	3.57	83.62
Finance cost charged during the year	4.96	4.41
Payment of lease liabilities	(32.85)	(35.73)
Balance at the end of the year	89.08	113.40

NOTE 33

INCOME TAXES

- i) Amounts recognized in the Statement of Profit and Loss and other comprehensive income

(in Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income tax expense:		
Current tax	8,457.18	7,557.37
Short/(excess) provision for tax for earlier years	(79.29)	168.18
Deferred tax - origination and reversal of temporary differences	(412.84)	(1,180.58)
Total	7,965.06	6,544.97

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

ii) Reconciliation of effective tax rate:

The reconciliation between the provision for income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
Profit before income tax(II)	30,804.37	29,140.82
Enacted income tax rate in India	25.168%	25.168 %
Computed expected tax expense	7,752.84	7,334.16
Effect of:		
Difference in depreciation as per books and as per Income tax	(8.71)	(8.47)
Non-deductible expenses	21.74	11.30
Provisions recorded during the year (net)	252.44	239.04
Tax exempt income	-	(7.31)
Deduction	(115.18)	(86.88)
Adjustment of Fair value as per Ind AS	554.06	75.53
Income Tax Payable	8,457.19	7,557.37
Short/(Excess) provision for tax for earlier years	(79.29)	168.18
Deferred tax - origination and reversal of temporary differences	(412.84)	(1,180.58)
Income Tax Expense(I)	7,965.06	6,544.97
Final Effective Income Tax Rate {(I/II)*100}	25.86%	22.46%

iii) Recognized deferred tax assets and liabilities

(₹ in Lakh)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
	Deferred Tax Asset :		
1	Provisions	264.14	300.64
2	Lease Liability	22.42	28.54
	Total Deferred Tax Asset	286.56	329.18
	Deferred Tax Liability:		
1	Investments	3.28	501.08
2	Property, Plant and Equipment & Intangible assets	193.32	183.18
3	Right to Use Asset	25.79	30.80
	Total Deferred Tax Liability	222.39	715.06
	Net Deferred Tax Asset/(Liability)	64.18	(385.88)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

iv) Movement in temporary differences

(₹ in Lakh)

Particulars	Balance as at April 1, 2020	Balance as at April 1, 2019
Net deferred tax asset/(Liability) at the beginning (a)	(385.88)	(511.32)
	Year ended March 31, 2021	Year ended March 31, 2020
Credit/(Charge) in the Statement of Profit and Loss during the year (b)		
Investments	461.35	1,079.64
Property, Plant and Equipment & Intangible assets	(10.14)	59.38
Provisions	(37.27)	67.31
Other Liabilities	-	(23.49)
Lease Liability	(6.12)	28.54
Right to Use Asset	5.01	(30.80)
Total	412.83	1,180.58
Credit/(Charge) in the other comprehensive income during the year (c)		
Provisions - employee benefits	0.77	1.65
Investment measured at fair value through other comprehensive income	36.45	(856.79)
Total	37.21	(855.14)
MAT CREDIT (d)	-	(200.00)
Net deferred tax asset/(liabilities) at the end of the year (e) = (a) + (b) + (c) + (d)	64.18	(385.88)

v) Movement in MAT credit entitlement

(₹ in Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of year	-	200.00
Add: MAT credit entitlement availed during the year	-	-
(Less)/add:(Restoration)/reversal of MAT credit entitlement	-	200.00
Less: MAT Credit pertaining to earlier years	-	-
Balance at the end of year	-	-

vi) Other tax assets and current tax liabilities

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax liabilities/(assets)	(105.28)	477.14

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 34

EMPLOYEE BENEFITS

Defined Contribution Plan

The Company makes contributions towards provident fund, in respect of qualifying employees

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
Employer's Contribution to Provident Fund	37.86	35.57

(above figure does not include administrative charges of ₹ 1.93 Lakh (PY - ₹ 1.84 Lakh))

Defined Benefit Plan

i) Gratuity :

The Company operates a post employment benefit plan that provides for gratuity benefit to the employees of the Company. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement / exit. The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under Group gratuity Scheme of LIC. The estimates of the future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The following table summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans :

(₹ in Lakh)

	Particulars	March 31, 2021	March 31, 2020
I.	Assumption		
	Mortality	IALM (2012-14) Ult	IALM (2012-14) Ult
	Interest / Discount rate	6.41%	6.51%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	5.81%	7.00%
	Employee Attrition Rate	20%	20%
	Expected average remaining service	8.65	6.97
II.	Changes in present value of obligations		
	PVO at beginning of period	88.18	71.80
	Interest cost	5.11	5.03
	Current Service Cost	9.81	9.67
	Past service cost -(vested benefits)	-	-
	Benefits Paid	(13.10)	(4.45)
	Actuarial (gain)/loss on obligation	3.51	6.13
	PVO at end of period	93.51	88.18
III.	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of period	89.95	80.87
	Adjustment to opening balance	-	(4.96)
	Return on plan assets excluding interest income	0.44	(0.44)
	Interest income	5.86	5.62
	Contributions by employer	13.84	13.31
	Benefit Paid	(13.10)	(4.45)
	Fair Value of Plan Assets at end of period	96.99	89.95

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

	Particulars	March 31, 2021	March 31, 2020
IV.	Actuarial (Gain)/Loss on obligation		
	Due to demographic assumption	-	-
	Due to financial assumption	0.77	4.84
	Due to experience	2.74	1.29
	Total Actuarial (Gain)/Loss	3.51	6.13
V.	Amounts to be recognized in the balance sheet and statement of profit & loss account		
	PVO at end of period	93.51	88.18
	Fair Value of Plan Assets at end of period	96.99	89.95
	Funded Status	3.48	1.77
	Net Asset/(Liability) recognized in the balance sheet	3.48	1.77
VI.	Expenses recognized in the statement of P & L A/c		
	Current Service Cost	9.81	9.67
	Net interest	(0.73)	(0.59)
	Past Service Cost -(vested benefits)	-	-
	Expenses recognized in the statement of P & L A/c	9.08	9.08
VII.	Other comprehensive income(OCI)		
	Actuarial (Gain)/Loss recognized for the period	3.51	6.13
	Return on plan assets excluding net interest	(0.44)	0.44
	Total Actuarial (Gain)/Loss recognized in OCI	3.07	6.57

Experience Adjustment

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit Obligation	93.51	88.18	71.80	49.89	45.19
Plan Assets	96.99	89.95	80.88	49.39	45.92
Surplus / (Deficit)	3.48	1.77	9.08	(0.50)	0.73
Experience adjustment on plan assets	0.44	(0.44)	0.95	2.52	2.82

Sensitivity analysis

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at March 31, 2021 is as below:

(₹ in Lakh)

Particulars	Gratuity - Funded	
	March 31, 2021	March 31, 2020
+ 1% change in rate of Discounting	86.27	82.27
- 1% change in rate of Discounting	101.83	94.95
+ 1% change in rate of Salary increase/ inflation	98.15	91.52
- 1% change in rate of Salary increase/ inflation	89.28	84.86

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The expected future cash flows as at March 31, 2021 were as follows:

(₹ in Lakh)

Estimated benefit payments from the fund during	Expected contribution March 31, 2021	Expected contribution March 31, 2020
Expected Outgo First	10.68	19.03
Expected Outgo Second	7.53	8.38
Expected Outgo Third	6.84	5.41
Expected Outgo Fourth	6.23	5.37
Expected Outgo Fifth	8.90	4.86
Expected Outgo Six to Ten years	32.04	21.53

Leave Encashment: The Company has additionally booked the provision of ₹ 34.41 lakhs (P.Y. Reversed the provision of ₹ 2.37 lakh) during the year ended March 31, 2021 for leave encashment on actuarial valuation basis.

NOTE 35

FINANCIAL INSTRUMENTS

i) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Financial assets and financial liabilities measured at fair value

(₹ in Lakh)

As at March 31, 2021	Carrying amount			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
Financial Assets						
Investment in Central Government securities	76,889.95	-	76,889.95	76,889.95	-	76,889.95
Investment in State Development loans	1,25,425.92	-	1,25,425.92	1,25,425.92	-	1,25,425.92
Investment in Government special securities	-	-	-	-	-	-
Investment in Treasury bills	9,20,722.10	-	9,20,722.10	2,15,064.14	7,05,657.96	9,20,722.10
Investment in Treasury STRIPS	7,442.29	-	7,442.29	-	7,442.29	7,442.29
Investment in Debentures or Bonds	9,342.29	-	9,342.29	9,342.29	-	9,342.29
Derivative instrument						
- Interest rate swap	44,863.24	-	44,863.24	-	44,863.24	44,863.24
Total	11,84,685.78	-	11,84,685.78	4,26,722.30	7,57,963.48	11,84,685.78
Financial Liabilities						
Derivative instrument						
- Interest rate swap	44,695.76	-	44,695.76	-	44,695.76	44,695.76
Total	44,695.76	-	44,695.76	-	44,695.76	44,695.76

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Financial assets and financial liabilities measured at amortized cost

(₹ in Lakh)

As at March 31, 2021	Amount
Financial Assets	
Cash and cash equivalents	48.77
Bank Balances other than Cash and cash equivalents	22.11
Other Receivables	244.91
Others financial assets	1,665.40
Total	1,981.19
Financial liabilities	
Borrowings	10,50,298.35
Deposits	18,772.90
Trade and Other Payables	94.85
Lease Liability	89.08
Total	10,69,255.18

Financial assets and financial liabilities measured at fair value

(₹ in Lakh)

As at March 31, 2020	Carrying amount			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
Financial Assets						
Investment in Liquid mutual fund	502.35	-	502.35	502.35	-	502.35
Investment in Central Government securities	80,017.47	35,784.79	1,15,802.26	1,15,802.26	-	1,15,802.26
Investment in State Development loans	1,46,737.47	-	1,46,737.47	1,46,737.47	-	1,46,737.47
Investment in Treasury bills	4,53,374.62	-	4,53,374.62	521.97	4,52,852.65	4,53,374.62
Investment in Treasury STRIPS	2,833.88	-	2,833.88	-	2,833.88	2,833.88
Investment in Debentures or Bonds	31,998.99	-	31,998.99	31,998.99	-	31,998.99
Investment in Certificate of deposit	65,094.51	-	65,094.51	-	65,094.51	65,094.51
Derivative instrument						
- Interest rate swap	71,759.19	-	71,759.19	-	71,759.19	71,759.19
Total	8,52,318.49	35,784.79	8,88,103.28	2,95,563.04	5,92,540.24	8,88,103.28
Financial liabilities						
Derivative instrument						
- Interest rate swap	70,905.86	-	70,905.86	-	70,905.86	70,905.86
Total	70,905.86	-	70,905.86	-	70,905.86	70,905.86

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Financial assets and financial liabilities measured at amortized cost

(₹ in Lakh)

As at March 31, 2020	Amount
Financial Assets	
Cash and cash equivalents	62.78
Bank Balances other than Cash and cash equivalents	322.06
Others financial assets	2,017.50
Total	2,402.35
Financial liabilities	
Borrowings	7,53,065.28
Deposits	2,931.21
Trade and Other Payables	173.78
Lease Liability	113.40
Total	7,56,283.67

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value.

Financial assets and financial liabilities measured at fair value

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value.

ii) Financial risk management**Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has adopted a Board approved Business Investment & Risk Policy which lays down risk parameters, processes and procedures for ensuring the conduct of the Company's business operations in a risk conscious manner. The Risk Management Committee of the Board oversees the Company's risk management framework, and its responsibilities include reviewing and recommending the Business Investment & Risk Policy to the Board for its approval and also reviewing compliance with the approved / statutory risk parameters, processes, procedures, etc. by means of regular risk management reports.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk and
- Settlement risk

A. Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances, derivatives and debt securities. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

a. Exposure in SLR securities

SLR securities consisting of G-Sec, SDL, SPL and T-Bills have zero credit risk as they are sovereign securities. Further all SLR securities trades are settled by the Clearing Corporation of India Ltd which provides novation and thus guaranteed settlement in respect of all these instruments.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

b. Exposure in non-SLR securities

Various prudential guidelines are laid down in Business Investment and Risk Policy to manage and mitigate credit risk arising in respect of holding of non-SLR securities. External credit ratings form the basic qualifying criteria for investing in any individual reference credit. The debt issuers are classified based on their credit rating and exposure limits are also stipulated for each issuing company / entity. A credit scoring model is also used to analyse the credit quality of the individual reference credits which meet the threshold external rating. The Credit Evaluation Committee is responsible for evaluating credit quality of individual credit references in whose corporate debt securities the Company proposes to invest and approving the proposed investment. It is also responsible for monitoring the credit quality of existing corporate debt securities portfolio including rating migrations. Additionally, a defeasance / holding period has also been prescribed for corporate debt securities to mitigate risk arising from holding corporate debt securities.

c. Exposure in Interest Rate Swaps

Interest rate swaps which are not in the IRS Guaranteed Settlement segment of CCIL give rise to bilateral credit risk. However currently all the IRS deals are dealt in IRS Guaranteed Settlement segment of CCIL and thus the Company is not exposed to credit risk in respect of its transactions in Interest Rate Swaps.

B. Liquidity risk

The Company has an Asset Liability Management Committee (ALCO) which monitors various issues related to liquidity risk on the basis of ALM statements and decides on the strategy to address the same. The Company uses duration gap analysis to monitor the ALM interest rate risk. As a PD the company has access to the RBI PDLS facility in case of tight liquidity conditions in the inter-bank money market.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments. Maturity Analysis of Significant Financial Liabilities:

(₹ in Lakh)

As at March 31, 2021	Contractual cash flows				
	Total	Less than 6 months	6 months to 12 months	1-5 years	More than 5 years
Borrowings and Deposits	10,69,071.25	10,69,071.25	-	-	-
Trade and other payables	94.85	94.85	-	-	-
Lease Liability	89.08	12.22	12.22	64.63	-

(₹ in Lakh)

As at March 31, 2020	Contractual cash flows				
	Total	Less than 6 months	6 months to 12 months	1-5 years	More than 5 years
Borrowings and Deposits	7,55,996.49	7,55,996.49	-	-	-
Trade and other payables	173.78	173.78	-	-	-
Lease Liability	113.40	13.60	13.60	86.21	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

C. Market Risk

The Company uses measures including Value-at-Risk (VaR), Modified Duration & PV01 to monitor interest rate risk of its fixed income portfolios. The Company calculates Value-at-Risk (VaR) to measure market risk on a daily basis for a 1 day holding period with 99% confidence level using the Historical Simulation methodology based on a data set of last 250 days. The Company also back tests the results of its VaR model for validating the model by comparing the VaR number with both the hypothetical portfolio MTM change as well as actual loss. Based on the back-testing results, the Company scales up the applied multiplication factor to adequately compensate for any observed loss of accuracy. The Company also carries out interest rate sensitivity analysis based on an assumed adverse parallel shift of 25/50/100 basis points in the yield curve.

i. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, or in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises primarily from Investments. The interest rate profile of the Company's interestbearing financial instruments is as follows.

(₹ in Lakh)		
Particulars	As at March 31, 2021	As at March 31, 2020
Fixed-rate instruments		
Financial Assets - measured at amortised cost		
Investment in debt instruments	-	-
Financial Assets - measured at FVTPL or FVOCI		
Investment in debt instruments	11,39,822.55	8,15,841.74
Total of Fixed Rate Financial Assets	11,39,822.55	8,15,841.74
Financial liabilities - measured at amortised cost		
Borrowings	10,50,298.35	7,53,065.28
Deposits(Inter corporate Deposit)	18,772.90	2,931.21
Total of Fixed Rate Financial Liabilities	10,69,071.25	7,55,996.49

ii. Fair value sensitivity analysis for fixed-rate instruments

The Company's accounts for certain investments in fixed-rate financial assets such as investments in Government Securities, Commercial Paper, Corporate Deposit etc. Accordingly, a decrease in 1 basis point in interest rates is likely to increase the profit or loss (before tax) for the year ending March 31, 2021 by ₹ 170.55 Lakhs (March 31, 2020 ₹ 169.31 Lakhs) and an increase in 1 basis point in interest rates is likely to decrease the profit or loss (before tax) for the year ending March 31, 2021 by ₹ 170.55 Lakhs (March 31, 2020- ₹ 169.31 Lakhs).

D. Settlement Risk

The Company is a member of CCIL and enjoys the benefits of guaranteed settlement of trades put through CCIL. Accordingly, the Company does not face settlement risk arising from the GSec, SDL, SPL and T-Bill outright and repo transactions. The settlement of all non-SLR securities transactions is done on DVP-I basis through the clearing houses attached with the exchanges namely, NSCCL (NSE) and ICCL (BSE) and this reduces the counterparty and settlement risk. In case of IRS transactions, the settlement risk is mitigated by the interest exchanges taking place through the Clearing Corporation of India Ltd which carries out both guaranteed & non-guaranteed settlement of IRS transactions. In case of equity market & currency futures transactions, the settlement risk is mitigated as settlement is taking place through the clearing houses of the respective exchanges which act as CCP.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 36

FAIR VALUE MEASUREMENT

i) Valuation principles:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note no. 37.

ii) Valuation governance

The Company's fair value methodology and the governance framework include a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The Company is required to follow valuation methodology for its assets and liabilities as prescribed by the RBI. All new products and their valuation methodologies are subject to approvals by the Risk Management Committee of the Board as well as the Board of Directors of the Company. The responsibility of on-going measurement resides with the Risk Management Department. Once submitted, fair value estimates are also reviewed and independently verified by the Head of the Risk Management Department. The independent price verification process for financial reporting is ultimately the responsibility of the Head of the Risk Management Department.

The Risk Management team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures are in compliance with Ind AS and will propose adjustments as and when needed.

iii) Assets and liabilities by fair value hierarchy:

All assets or liabilities are based on quoted (unadjusted) market prices/yields in active markets for identical assets or liabilities.

NOTE 37

VALUATION TECHNIQUES

Government dated securities: All Central Government dated securities are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

State Development Loans: All State Government securities are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

Special Bonds: All Special Bonds are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

Treasury Bills: T-Bills which are traded are valued at their last traded prices. T-Bills which are not traded are valued at market traded yields as per the T-Bill yield curve published by FBIL, as prescribed by RBI.

Commercial Papers: CPs which are traded are valued at their last traded prices. CPs which are not traded are valued at market traded yields as per the CD yield curve published by FBIL with a mark-up of 25 bps.

Certificate of Deposits: CDs which are traded are valued at their last traded prices. CDs which are not traded are valued at market traded yields as per the CD curve published by FBIL.

Equity (cash and futures): Market value of equity shares is determined by the prices obtained from recognised stock exchange such as NSE/BSE.

Corporate bonds: Corporate Bonds which are traded are valued at their last traded prices. Corporate bonds which are not traded are valued based on the credit spreads published by FBIL over the last traded yields of Central Government Dated Securities as published by FBIL.

Mutual Fund units: Mutual Fund units are valued at their closing Net Asset Value (NAV) as declared/published by the MF/AMC.

Interest rate derivatives: Interest Rate Futures contracts are valued at their respective closing settlement prices as published by recognised stock exchange such as NSE/BSE.

Interest Rate Swaps are valued on the basis of traded swap yields as published by FBIL.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 38**VALUATION ADJUSTMENTS AND OTHER INPUTS AND CONSIDERATIONS**

No valuation adjustments have been made to the prices/yields provided for valuation by FBIL or the recognized stock exchanges.

NOTE 39**ANALYSIS OF RISK CONCENTRATION**

The Company's business operations can be broadly classified into two major segments viz gilts and non-gilts. Gilts segment includes Government Dated Securities, State Development Loans, Special Bonds & Treasury Bills while nongilt segment includes corporate bonds, CPs, CDs, Interest Rate Swaps and equities.

Reserve Bank of India (RBI) prescribes guidelines to prevent concentration of risk by Primary Dealers (PDs) by stipulating that 50% of total investments has to be in the gilt segment at all times. Further, in case of non-gilt investments, the RBI prescribes single and group borrower limits so as to prevent concentration of credit risk.

Additionally, the Business Investment & Risk Policy of the Company stipulates prudential limits on holding of each class of instrument. Concentration risk to a particular issuer is also limited by the internal prudential guidelines which stipulate counterparty exposure limits and maximum holding limits for each issuer (e.g. for each state government and individual reference credit) for debt securities, interest rate derivatives and equities.

The Company does not face any concentration risk arising from currency or geography as the Company operates only in the Indian Fixed Income market and it has a diversified pan-India presence through its Branches.

NOTE 40**EVENTS AFTER REPORTING DATE**

There have been no events after the reporting date that require disclosure in these financial statements.

NOTE 41**CAPITAL MANAGEMENT**

The Company's objective is to maximize the shareholders' value by maintaining an optimum capital structure. The company maintains capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the company's capital is monitored using, among other measures, the regulation issued by RBI.

Capital to Risk Assets Ratio (CRAR)

S. No.	Items	March 31, 2021	March 31, 2020
i	CRAR (%)	28.95	28.72
ii	CRAR - Tier I capital (%)	28.95	28.72
iii	CRAR - Tier II Capital (%)	-	-
iv	Amount of subordinated debt raised as Tier-II capital	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-
vi	Risk Weighted Assets (RWA) (₹ in Lakhs)	2,52,427.00	2,13,181.00
vii	Net Owned Funds (NOF) (₹ in Lakhs)	73,088.04	61,298.97
viii	Tier- I Capital (₹ in Lakhs)	73,088.04	61,298.97
ix	Return on Average Net Owned Funds	33.99%	41.00%

The net owned fund of the Company has been calculated in accordance with RBI circular No. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated March 13, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 42

(a) Pending Litigations

In the order dated February 4, 2019, the Hon'ble NCLAT, New Delhi, permitted the operational and financial creditors of the IL&FS & its group companies to file Intervention Applications. Accordingly, the Company has filed Intervention Application before the Hon'ble NCLAT, New Delhi. The Intervention Application no 9626 of 2019 filed by the Company has been admitted on February 11, 2019.

Details of investment in CP's:

(₹ in Lakh)

Name	Face Value
CP IL&FS Ltd due on 17.09.2018	5,000.00
CP IL&FS Ltd due on 05.03.2019	5,000.00

- (b) An amount of ₹ 9,413.34 lakhs towards the book value of the investment made in CP of IL&FS has been written off in F.Y. 2018-19 owing to the fact that the instrument being unsecured in nature and on account of the fact that IL&FS has been classified by the resolution consultant and Ministry of Corporate Affairs, Govt. of India as a "Red Entity" i.e. the entity that cannot meet its payment obligations towards even senior secured financial creditors, as and when such payment obligation become due. Subsequent to the intervention application filed by the Company, in FY 2019-20 the Company has been admitted to the Committee of Creditors (CoC), and the claim of ₹ 9,847.89 lakhs has been admitted by NCLT/ NCLAT in F.Y. 2019-20. There is no further progress in the matter in FY 2020-21 w.r.t. receipt of outstanding claim.

NOTE 43

SEGMENT REPORTING

Business Segment : The Company's management has identified Gilt Segment and Non Gilt Segment as two reportable segment based on risk, return and the regulatory authorities for reporting. The Company does not have geographical segment in the context of the Indian Accounting Standard (Ind AS) 108 - "Operating Segments". The detailed segmental information is as under.

(₹ in Lakh)

Segment Information	Gilt Income		Non Gilt Income		Unallocated		Total	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Interest and similar income	42,912.18	50,838.04	2,001.17	7,491.01	9.13	9.58	44,922.48	58,338.63
Interest and similar expense	28,272.62	41,075.72	1,042.16	4,272.83	60.49	4.17	29,375.27	45,352.73
Net interest income (expense)	14,639.56	9,762.32	959.00	3,218.17	(51.35)	5.40	15,547.20	12,985.90
Fee and commission income	617.35	183.48	-	-	-	-	617.35	183.48
Fee and commission expense	-	-	-	-	-	-	-	-
Net fees and commission income	617.35	183.48	-	-	-	-	617.35	183.48

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

Segment Information	Gilt Income		Non Gilt Income		Unallocated		Total	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Trading Profit/(Loss) on investments	15,836.65	16,349.88	1,505.90	1,455.70	-	-	17,342.55	17,805.58
Net gain on fair value charges	(1,500.41)	1,716.74	82.02	(90.51)	-	-	(1,418.40)	1,626.23
Reclassification adjustment (Net gain on derecognition of financial instruments under FVOCI)	762.32	44.77	-	-	-	-	762.32	44.77
Impairment on financial instruments	-	-	-	-	-	-	-	-
Other income	-	-	-	-	801.86	31.22	801.86	31.22
Depreciation of property & equipment	-	-	-	-	90.09	106.62	90.09	106.62
Amortisation of intangible assets	-	-	-	-	332	2.05	332	2.05
Other operating expenses	488.04	1,064.95	1.55	16.00	2,265.51	2,346.74	2,755.10	3,427.69
Total operating expense	488.04	1,064.95	1.55	16.00	2,358.92	2,455.40	2,848.51	3,536.35
Segment profit (loss) before taxation	29,867.42	26,992.24	2,545.37	4,567.37	(1,608.41)	(2,418.78)	30,804.38	29,140.82
Income tax expense	-	-	-	-	-	-	7,965.06	6,544.97
Profit for the year for continuing operations	-	-	-	-	-	-	22,839.31	22,595.85
Other Comprehensive Income								
(i) Items that will not be re-classified to profit or loss	-	-	-	-	(3.07)	(6.57)	(3.07)	(6.57)
(ii) Income Tax relating to items that will not be re-classified to profit or loss	-	-	-	-	0.77	1.65	0.77	1.65
(i) Items that will be re-classified to profit or loss	-	-	-	-	(144.80)	2,497.86	(144.80)	2,497.86
(ii) Income Tax relating to items that will be re-classified to profit or loss	-	-	-	-	36.45	(856.79)	36.45	(856.79)
Additions to property Plant and equipment	-	-	-	-	40.08	167.79	40.08	167.79
Additions to other intangible assets	-	-	-	-	1244	-	1244	-
Segment assets as at March 31, 2021	11,76,984.77	7,92,489.75	9,364.40	97,917.91	2,331.51	1,917.71	11,88,680.68	8,92,325.37
Segment Liabilities as at March 31, 2021	10,94,994.12	7,67,653.93	18,772.90	59,248.42	74,913.66	65,423.02	11,88,680.68	8,92,325.37

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 44

OFFSETTING

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial assets subject to offsetting, netting arrangements

(₹ in Lakh)

Particulars	Derivative assets	As at March 31, 2021	As at March 31, 2020
Offsetting recognised on the balance sheet	Gross assets before offset	44,863.24	71,759.19
	Offset with gross liabilities ²	-	-
	Net assets recognised on the balance sheet	44,863.24	71,759.19
Netting potential not recognised on the balance sheet	Financial liabilities	44,695.76	70,905.86
	Collaterals received	-	-
	Assets/(Liability) after consideration of netting potential	167.47	853.33
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	44,863.24	71,759.19
Maximum exposure to risk	After consideration of netting potential	167.47	853.33

Financial liabilities subject to offsetting, netting arrangements

(₹ in Lakh)

Particulars	Derivative assets	As at 31 March, 2021	As at 31 March, 2020
Offsetting recognised on the balance sheet	Gross liabilities before offset	44,695.76	70,905.86
	Offset with gross liabilities ²	-	-
	Net liabilities recognised on the balance sheet	44,695.76	70,905.86
Netting potential not recognised on the balance sheet	Financial assets	44,695.76	70,905.86
	Collaterals received	-	-
	Assets/Liabilities after consideration of netting potential ³	-	-
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total liabilities	Recognised in the balance sheet	44,695.76	70,905.86
Maximum exposure to risk	After consideration of netting potential	-	-

¹ Represents items not subject to enforceable netting arrangements and other out-of-scope items

² "Netting with gross liabilities" column represents amounts that can be offset under Ind AS 32. These numbers are the same amount as those presented in the "Netting with gross assets" column in the liabilities table.

³ Amounts have been capped by the relevant netting agreement so as not to exceed the net amount financial assets presented on the balance sheet; (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 45

CORPORATE SOCIAL RESPONSIBILITY (CSR) DISCLOSURE

During the year, Company has spent ₹ 267.10 lakhs (March 31, 2020 ₹ 252.44 lakhs) towards CSR activities, as required to be spent in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules, 2014. Details of CSR expense for the year are as under:-

(₹ in Lakh)				
Sr. No.	Particulars	Amount Spent	Pending to be Spent	Total
1	Construction/acquisition of any asset	-	-	-
2	On purposes other than (i) above-			
	a) Prime Minister National Relief Fund	19.59 (118.20)	- (-)	19.59 (118.20)
	b) Cancer Patient Aid Association (CPAA)	30.00 (20.00)	- (-)	30.00 (20.00)
	c) ImPaCCT Foundation (Paediatric Foundation of Tata Memorial hospital)	25.00 (20.00)	- (-)	25.00 (20.00)
	d) National Association for the blind	9.90 (10.00)	- (-)	9.90 (10.00)
	e) HDFC Charity Fund for Cancer Cure ** (Dividend amount)	3.33 (29.05)	- (-)	3.33 (29.05)
	f) Sunder Shewak Sabha	28.00 (25.00)	- (-)	28.00 (25.00)
	g) Ramakrishna Mission	20.19 (20.19)	- (-)	20.19 (20.19)
	h) Friends of Tribals Society	20.00 (10.00)	- (-)	20.00 (10.00)
	i) Indian Cancer Society	35.00 (-)	- (-)	35.00 (-)
	j) Sadguru Seva Sangh Trust	17.50 (-)	- (-)	17.50 (-)
	k) Cancer Institute WIA	17.00 (-)	- (-)	17.00 (-)
	l) The Akshaya Patra Foundation	22.00 (-)	- (-)	22.00 (-)
	m) Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund	19.59 (-)	- (-)	19.59 (-)
	Total (Current Year)	267.10	-	267.10
	Total (Previous Year)	(252.44)	-	(252.44)

** The Company has made investment in HDFC Cancer Cure Fund. As per the scheme, any dividend declared in the said scheme will be contributed directly to Indian Cancer Society and eligible towards Company's contribution for CSR commitment. The said scheme is a close ended scheme and matured on May 6, 2020.

Note: Figures in brackets denote figures for March 31, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 46

INTANGIBLE ASSETS UNDER DEVELOPMENT AGEING SCHEDULE

(₹ in Lakh)

Sr. No.	Intangible assets under development	Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Projects in progress	-	0.64	-	-	0.64
(ii)	Projects temporarily suspended	-	-	-	-	-

NOTE 47

TRADE PAYABLE AGEING SCHEDULE

FY 2020-21

(₹ in Lakh)

Sr. No.	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	MSME	2.92	-	-	-	2.92
(ii)	Others	91.93	-	-	-	91.93
(iii)	Disputed dues - MSME	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-

FY 2019-20

(₹ in Lakh)

Sr. No.	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	MSME	-	-	-	-	-
(ii)	Others	173.78	-	-	-	173.78
(iii)	Disputed dues - MSME	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

REGULATORY DISCLOSURES :

NOTE 48

CAPITAL COMMITMENT AND CONTRACTUAL OBLIGATION

- a. Estimated amount of contracts remaining to be executed on capital account - Nil (PY Nil)
- b. Commitment and contractual obligations in respect of:
- i. The purchases and sales of the securities effected on March 31, 2021, the transaction shall be accounted on April 05, 2021 i.e Settlement date. The face value of the securities purchased and sold on March 31, 2021 are as given in the table below;

(₹ in Lakh)

S No.	Particulars	March 31, 2021	March 31, 2020
1	Purchase of securities	21,900.00	18,000.00
2	Sale of securities	35,303.40	54,710.00

NOTE 49

The Company is a member of Primary Dealers Association of India and Fixed Income Money Market and Derivatives Association of India; which are Companies limited by guarantee and incorporated under the Companies Act, 1956. The amount guaranteed by the Company on this amounts to Rs. One Hundred only, for each Association.

NOTE 50

The Company is authorized by RBI to offer Constituent SGL Account facility in the nature of Subsidiary General Ledger (SGL) account maintained with RBI on behalf of its Constituents. The transactions undertaken include purchase and sale transactions on behalf of Constituents. As on March 31, 2021 the face value of the securities held by the Company on behalf of its Constituents is ₹ 35,00,979.00 Lakhs (March 31, 2020 - ₹ 26,75,785.40 Lakhs).

NOTE 51

In terms of the provisions of Reserve Bank of India guidelines, details of Repo and Reverse Repo transactions during the year are given here under:

(₹ in Lakh)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	March 31, 2021
Securities sold under repos				
Government Securities	1,78,898.00 (2,61,561.97)	6,86,178.00 (4,53,875.35)	4,83,925.00 (3,55,795.82)	6,74,487.88 (3,06,628.12)
Corporate debt securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under reverse repos				
Government Securities	- (-)	8,132.29 (10,592.55)	22.28 (400.76)	- (-)
Corporate debt securities	- (-)	- (-)	- (-)	- (-)

Note: Figures in brackets denote figures for March 31, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 52

OTHER DISCLOSURES - SCHEDULE TO THE BALANCE SHEET AS AT MARCH 31, 2021

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in Lakh)

Sr. No.	Particulars	Amount Outstanding		Amount Overdue	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	Liabilities Side				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	-	-	-	-
	Unsecured	-	-	-	-
	(other than falling within the meaning of Public deposit)				
	(b) Deferred Credit	-	-	-	-
	(c) Term Loans (includes term money)	-	56,317.21	-	-
	(d) Inter Corporate Loans and Borrowing	18,772.90	2,931.21	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Others Loans				
	(i) Call/Notice	43,175.42	50,703.01	-	-
	(ii) TREPS	3,32,571.99	2,92,343.71	-	-
	(iii) RBI LAF	-	-	-	-
	(iv) RBI Refinance	-	46,965.99	-	-
	(v) Loan Against Fixed Deposit	-	-	-	-
	(vi) REPO Borrowing	6,74,550.94	3,06,735.36	-	-
	Assets Side				
			Amount Outstanding		Amount Overdue
			2020-21 (₹ in Lakh)		2019-20 (₹ in Lakh)
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):				
	(a) Secured		-		-
	(b) Unsecured		-		-
3	Break up Leased Assets and stock on hire and other assets counting towards AFC activities				
	(i) Lease assets including lease rentals under sundry debtors				
	(a) Finance Lease		-		-
	(b) Operating Lease		-		-
	(ii) Stock on hire including hire charges under sundry debtors				
	(a) Assets on hire		-		-
	(b) Repossessed Assets		-		-
	(iii) Other loans counting towards AFC activities				
	(a) loans where assets have been repossessed		-		-
	(b) loans other than (a) above		-		-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Sr. No.	Assets Side	Amount Outstanding		Amount Overdue
		2020-21 (₹ in Lakh)		2019-20 (₹ in Lakh)
4	Break-up of Investments			
	Current Investment			
	1. Quoted			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debentures and Bonds	9,342.29	31,998.99	
	(iii) Units of mutual funds	-	502.35	
	(iv) Government Securities & T-bills	11,30,480.26	6,82,963.45	
	(v) others	-	-	
	2. Unquoted			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debentures and Bonds	-	-	-
	(iii) Units of mutual funds	-	-	-
	(iv) Government Securities	-	-	-
	(v) others : (a) Commercial papers	-	-	-
	(b) Certificate of Deposits	-	65,094.51	
	Long Term Investments			
	1. Quoted			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debentures and Bonds	-	-	-
	(iii) Units of mutual funds	-	-	-
	(iv) Government Securities	-	35,784.79	
	(v) others (Please specify)	-	-	-
	2. Unquoted			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debentures and Bonds	-	-	-
	(iii) Units of mutual funds	-	-	-
	(iv) Government Securities	-	-	-
	(v) others (Please specify)	-	-	-
5	Borrower group-wise classification of assets financed as in (2) and (3) above			
	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) other related parties	-	-	-
	2. Other than related parties	-	-	-
	Total	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Sr. No.	Category	Market Value		Book Value	
		2020-21 (₹ in Lakh)	2019-20 (₹ in Lakh)	2020-21 (₹ in Lakh)	2019-20 (₹ in Lakh)
6	Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)				
	1. Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) other related parties	-	-	-	-
	2. Other than related parties	11,39,822.55	8,16,344.09	11,39,822.55	8,16,344.09
	Total	11,39,822.55	8,16,344.09	11,39,822.55	8,16,344.09
Sr. No.	Particulars	2020-21 (₹ in Lakh)		2019-20 (₹ in Lakh)	
7	Other Information				
	(i) Gross Non-Performing Assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	-	-	-	-
	(ii) Net Non-Performing Assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	-	-	-	-
	(iii) Assets acquired in satisfaction of Debts	-	-	-	-

NOTE 53

ISSUER COMPOSITION OF INVESTMENTS IN NON-GOVERNMENT SECURITIES AS AT MARCH 31, 2021

(Ref: RBI circular no. IDMD.PDRS.No.03/03.64.00/2003-04)

(₹ in Lakh)

No.	Issuer [#]	Amount [*]	Extent of private placement ^{**}	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities ^{***}
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	PSUs	9,115.69 (12,462.41)	4,986.89 (7,455.57)	- (-)	- (-)	- (-)
2.	FIs	- (4,490.57)	- (-)	- (-)	- (-)	- (-)
3.	Banks	- (69,387.39)	- (4,782.98)	- (-)	- (-)	- (-)
4.	Other PDs	- (-)	- (-)	- (-)	- (-)	- (-)
5.	Private Corporate	- (10,518.95)	- (-)	- (-)	- (-)	- (-)
6.	Subsidiaries/ Joint Ventures	-	-	-	-	-
7.	Others	-	-	-	-	-
8.	Provision held towards depreciation	-	-	-	-	-
	Total	9,115.69 (96,859.32)	4,986.89 (12,238.55)	- (-)	- (-)	- (-)

Note: Figures in brackets pertain to March 31, 2020.

All the investments in the above non government securities are rated and are above investment grade securities.

* Represents amounts net of provision for depreciation if any and also includes CPs of ₹ Nil (PY ₹ Nil) and CDs of ₹ Nil (PY ₹ 65,083.55).

** Represents original issue.

includes equity shares and mutual funds

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 54

Disclosure pursuant to RBI circular No. RBI/2008-09/116 DNBS (PD). CC No.125/03.05.002/2008-2009 dated August 1, 2008, RBI/2015-16/12 DNBR (PD) CC.NO.053/03/10.119/2015-16 dated July 1, 2015 and RBI/DNBR/2016-17/42, Master Direction DNBR.PD.004/03.10.119/2016-17 dated August 23, 2016 as updated on November 22, 2019

a. Capital to Risk Assets Ratio (CRAR)*

Sr. No.	Items	March 31, 2021	March 31, 2020
i.	CRAR (%)	28.95	28.72
ii.	CRAR - Tier I capital (%)	28.95	28.72
iii.	CRAR - Tier II Capital (%)	-	-
iv.	Amount of subordinated debt raised as Tier-II capital	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-

*calculated as per RBI circular no.RBI/2006-2007/355 DNBS.PD/CC No.93/03.05.002/2006-07

b. Exposures to Real Estate Sector

(₹ in Lakh)

	Category	March 31, 2021	March 31, 2020
a.	Direct exposure		
	i. Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
	ii. Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
	iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
b.	Indirect exposure		
	Fund based and non-fund based exposures on Housing Finance Companies (HFCs).	-	-
	Non-fund based - Notional Principal of IRS	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Exposures to Capital Market

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	500.00
Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
Bridge loans to companies against expected equity flows/ issues;	-	-
All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	500.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

c. Asset Liability Management - Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2021****

(₹ in Lakh)

Particulars	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Assets									
Deposits	- (-)	- (11.70)	- (-)	- (-)	- (-)	24.13 (-)	- (11.11)	- (12.37)	24.13 (35.18)
Advances*	- (-)	- (-)	- (-)	- (-)	1,628.25 (1,405.25)	- (-)	- (-)	- (-)	1,628.25 (1,405.25)
Investments**	11,39,822.55 (7,80,056.95)	- (-)	- (502.35)	- (-)	- (-)	- (-)	- (-)	- (35,784.79)	11,39,822.55 (8,16,344.09)
Liabilities									
Borrowings from banks***	43,175.42 (1,07,020.22)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	43,175.42 (1,07,020.22)
Market Borrowings	10,12,989.51 (6,46,915.05)	9,713.40 (2,061.22)	3,192.93 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	10,25,895.84 (6,48,976.27)

Note: Figures in brackets denote previous years figures

* Advances represent advances given in the normal course of business and is not in nature of loans given.

** Investments in the nature of 'Securities held as Stock in Trade' are classified in the "one month bucket" and those in the nature of 'Non Current Investments' are classified as per their residual maturity.

***Borrowings in Call / Notice / Term represents borrowings from banks.

**** The Company does not have any foreign currency assets and liabilities.

d. Investments

(₹ in Lakh)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Value of Investments :		
	(i) Gross Value of Investments		
	(a) In India*	-	35,784.79
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India*	-	35,784.79
	(b) Outside India	-	-
2	Movement of Provisions held towards depreciation on Investments :		
	(i) Opening Balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

* The above figures are investment at fair value through other comprehensive income.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- e. The Company has not exceeded Single Borrower Limit (SGL)/Group Borrower Limit (GBL) as prescribed by the regulator.
- f. **Registration/license/authorisation obtained from financial sector regulators**
- RBI - Certificate of Registration bearing No. 13.01865, dated May 23, 2007.
 - MCA - Certificate of Incorporation dated October 31, 2006 bearing Corporate Identity No. U67110MH2006PLC165306.
 - Primary Dealership Business authorisation granted by RBI has been renewed for the year 2019-22 and is valid upto June 30, 2022.
- g. Disclosure of Penalties imposed by RBI and other regulator: Nil (PY -Nil)
- h. Ratings assigned by credit rating agencies and migration of ratings during the year

(₹ in Lakh)

Rating Agencies	Rating programme	Rating Assigned	Migration	Rating Amount (₹ in Lakhs)	
				March 31, 2021	March 31, 2020
CRISIL	Short Term	CRISIL A1+	-	20,000.00	20,000.00

- i. **Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:**

(₹ in Lakh)

Particulars	2020-21	2019-20
Provision for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision for Standard Assets	-	-
Provision made towards Income Tax (incl. deferred tax)	-	863.02
Other Provision and Contingencies (stamp duty and employee related)	1,449.51	1,194.52

NOTE 55

DERIVATIVES

- a. **Interest Rate Swaps**

(₹ in Lakh)

Sr. No.	Particulars	March 31, 2021	March 31, 2020
	Notional Principal amount of IRS Contracts		
a.	Hedging Contracts	-	-
b.	Trading Contracts	14,50,710.73	16,30,608.94
	i. Fair value of trading IRS	167.47	853.32
	ii. Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	
	iii. Likely impact of one percentage change in interest rate (100*PV01)	93.00	60.71
	iv. Collateral value made available towards Derivatives margin.	-	-
	v. Credit Risk Concentration [®]	-	-

[®] Credit risk concentration is measured as the highest net receivable under swap contracts from a particular group of counterparties.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

b. Interest Rate Future Contracts

(₹ in Lakh)

Sr. No.	Particulars	March 31, 2021	March 31, 2020
(i)	Notional principal amount of exchange traded Interest Rate derivatives undertaken during the year		
	IRF on Government Securities	81.98	92,896.00
(ii)	Notional principal amount of exchange traded IR derivatives outstanding (Interest Rate Futures)	-	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-Market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

c. Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

During the year, Company has entered into derivative transactions in equity, currency and interest rate derivatives. The derivatives transactions entered into during the year are for the purpose of trading and market-making. The Business Investment and Risk policy of the Company lays down the risk management framework for derivatives trading. The Policy prescribes risk identification, measurement monitoring and risk mitigation. The compliance with the prudential limits for derivative transactions as laid down in the Risk Policy is done by the Risk Management Department which reports to the Managing Director. The Risk Management Committee of the Board oversees the risk management function of the Company.

Quantitative Disclosure

The company has entered into currency and interest rate futures transactions during the year. The detail of outstanding position is mentioned hereunder:

(₹ in Lakh)

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging	-	-
(ii)	Marked to Market Positions		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
(iii)	Credit Exposure	-	-
(iv)	Un-hedged Exposure	-	-

d. Disclosure relating to Securitisation :

- i) During the year Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2021.
- ii) Company has not sold any of its financial assets to Securitization/Reconstruction Company for Asset Reconstruction.
- iii) Company has not undertaken any Assignment transactions during the year.
- iv) Company has neither purchased nor sold any non-performing financial assets during the year and does not have any outstanding position in respect thereof as on March 31, 2021.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 56

Below are the dues payable to micro, small and medium enterprises in view of the nature of the business of the Company. The Company has received intimation from its suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006. The List of MSME suppliers are as follows :

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), below are the amounts due to MSME as at March 31, 2021.

(₹ in Lakh)

Disclosure under MSMED Act , 2006, to the extent the Company has received intimation from the Suppliers regarding their status	As at March 31, 2021	As at March 31, 2020
i) Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	2.92	-
ii) Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
iv) Interest accrued and remaining unpaid at the end of each accounting year	-	-
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise,	-	-

NOTE 57

The following information is submitted as required by the Reserve Bank of India's guidelines to Primary Dealers regarding publication of their audited annual results:

Net borrowings in call : Average net call borrowing during the year ended March 31, 2021 was ₹ 390.14 crores and peak net call borrowing during the year ended March 31, 2021 was ₹ 1,447.00 crores.

Leverage ratio: Average during the year was 15.12 and peak during the year was 18.55

Quarterly CRAR (Capital To Risk Weighted Asset Ratio) :

Quarterly CRAR	FY 2020-21	FY 2019-20
Quarter 1	25.51%	31.00%
Quarter 2	28.12%	37.67%
Quarter 3	30.06%	38.55%
Quarter 4	28.95%	28.72%

*RBI minimum stipulated CRAR is 15%

NOTE 58

Disclosure requirement pursuant to paragraph 2 of annexure to RBI circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 - The Company does not have any assets under the class on which provision under IRAC norms or provision as per ECL is required, hence the disclosure is not applicable

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 59

The Company has paid first interim dividend at 62% (₹ 6.20 per equity share of ₹ 10/- each) of ₹ 9,300 Lakhs (subject to applicable TDS) for the FY 2020-21 on January 19, 2021. Further, The Board of Directors at its meeting held as on May 07, 2021 has declared second interim dividend of 13% (₹ 1.30/- per equity share of ₹ 10/- each) for the FY 2020-21. This will lead to an outflow of ₹ 1,950 lakhs (subject to applicable TDS).

NOTE 60

Figures of previous year have been regrouped / reclassified wherever necessary to conform to current year's classification.

NOTE 61

Covid 19 outbreak was declared as a global pandemic by World Health Organisation (WHO). The Company, being classified under essential service category vide Ministry of Home affairs order no. 40-3/2020-DM-I (A) dated March 24, 2020 and as per the Government of Maharashtra guidelines, has been in operation consistently with minimal staff. As of March 31, 2021, based on the facts and circumstances existing as of date, the Company does not anticipate any material uncertainties which affect its liquidity position and also its ability to continue as a going concern.

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No. 435709

Place : Indore

Dated: May 7, 2021

For and on behalf of the Board of Directors

G. NARAYANAN

Director

DIN : 00210831

R. VENKATARAMANI

Director

DIN : 00829107

T.V. RAO

Director

DIN : 05273533

Place : Bengaluru

PRADEEP MADHAV

Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai

NOTES

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